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ABSTRACT

This guide is intended for use by participants (college fiscal officers, business officers, bursars, loan managers, etc.) in a two-day workshop on Title IV of the reauthorized Higher Education Act. The guide includes copies of the visual displays used in the workshop, space for individual notes, sample forms, sample computer screens, quizzes, and reference material. The workshop and guide both comprise eight sessions, which cover (1) an introduction (primarily highlighting the changes in the Higher Education Act); (2) accounting procedures for Title IV programs (including accounting structure, internal control, and linking the institution's accounting system to reporting requirements); (3) applying for federal campus-based funds (completing each section of the Fiscal Operations Report and Application to Participate (FISAP); (4) grant administration and payment system (using the system to request funds); (5) disbursing Title IV funds (maintaining funds, methods of disbursement, and credit balances); (6) returning Title IV funds (determining when returning funds is required, methods for returning funds, and refunds and repayments); (7) completing the FISAP (when applying specifically for the Federal Perkins Loan Program, the Federal Supplemental Educational Opportunity Grant Program, or the Federal Work-Study Program); and (8) records management (length of time records must be maintained, types of records to maintain, and format and access requirements). DB)

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ED 432 182

1999-2000 Fiscal Officer Training

Participant's Guide

HE 032 175

U.S. Department of Education
Washington, DC 20202

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I Introductory Session

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OBJECTIVES

After completing the workshop, you will be able to:

- describe the impact of cash management requirements on Title IV student financial aid accounting;
- describe record-keeping requirements for Title IV programs;
- establish a chart of accounts that facilitates reconciliation and reporting;
- apply appropriate procedures for returning Title IV funds if Title IV recipients withdraw from school;
- file required reports on Title IV program activities; and
- draw down, manage, and return Title IV program funds.

RESOURCES

- *The Blue Book: Accounting, Recordkeeping, and Reporting by Postsecondary Educational Institutions for Federally Funded Student Financial Aid Programs*
- *The Audit Guide: Student Financial Assistance Programs*
- *U.S. Department of Education Payee Guide for the Grant Administration and Payment System (GAPS)*
- *Student Financial Aid Handbook*
- *Compilation of Student Financial Aid Regulations*
- *Program Review Guide*
- *DCL P-99-4 (April 1999)*
- *DCL P-99-3 (April 1999)*
- *DCL GEN-98-28 (November 1998)*
- *DCL P-98-4 (September 1998)*
- *Participant's Guide: 1999-2000 Recipient Financial Management System Training*
- *Participant's Guide: 1999-2000 Reauthorization Training*
- *U.S. Department of Education's Information for Financial Aid Professionals (IFAP) Web site:* **www.ifap.ed.gov**

A. OVERVIEW OF THE WORKSHOP

Workshop

- For fiscal officers, business officers, bursars, loan managers, and similar professionals
- Financial aid administrators may also be in attendance
- Assumes some experience with Title IV student financial aid programs

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B. MAIN WORKSHOP OBJECTIVES

- Page 1 of this session lists the workshop objectives.

Notes

C. WORKSHOP AGENDA

Day 1 Agenda

- Introductory Session
- Session 1: Accounting Procedures for Title IV Programs
- Session 2: Applying for Campus-Based Federal Funds
- Session 3: Grant Administration and Payment System (GAPS)
- Session 4: Disbursing Title IV Funds
- Part 1 of the Question-and-Answer Session

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Day 2 Agenda

- Session 5: Returning Title IV Funds
- Session 6: Completing the FISAP
- Session 7: Records Management
- Part 2 of the Question-and-Answer Session

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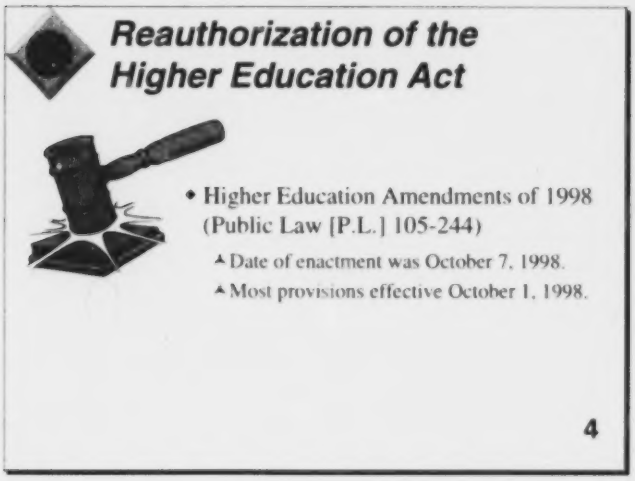
D. WORKSHOP MATERIALS AND REFERENCE SOURCES

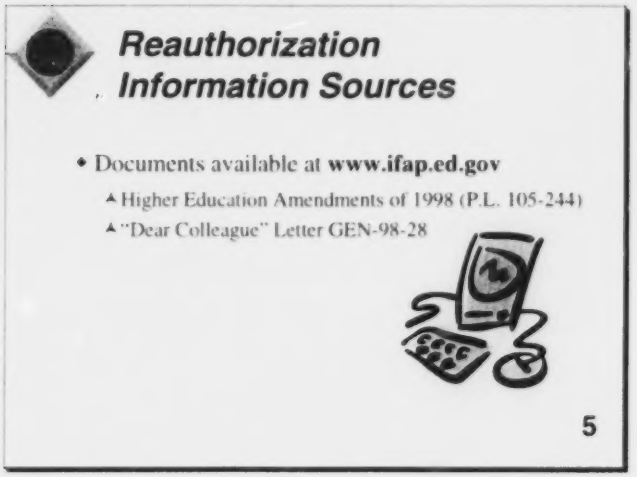
- You'll need this Participant's Guide and a copy of *The Blue Book* for the workshop. Other useful resources are listed on page 2 of this session.
- Another useful resource is the *Student Financial Aid Handbook*, which consists of two core pieces and four references.

Notes

E. WHAT'S NEW

1. Reauthorization of the Higher Education Act


Reauthorization of the Higher Education Act
• Higher Education Amendments of 1998 (Public Law [P.L.] 105-244)
▲ Date of enactment was October 7, 1998.
▲ Most provisions effective October 1, 1998.
4


Reauthorization Information Sources
• Documents available at www.ifap.ed.gov
▲ Higher Education Amendments of 1998 (P.L. 105-244)
▲ "Dear Colleague" Letter GEN-98-28
5

Notes

General Provisions Changes

- Changes 85/15 rule to 90/10 rule for proprietary schools
- Alternative criteria for a school to demonstrate financial responsibility now part of the law
- Institutional eligibility certification extended to 6 years (effective with next PPA)
- ED program review guidelines and procedures must be available to schools

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General Provisions Changes (cont'd)

- "Refund" of institutional charges and "repayment" of Title IV aid changed to "return" of Title IV aid
- Student's personal computer allowed in cost of attendance
- Exit loan counseling may be provided by electronic means
- ED authorized to modify audit requirements for certain schools

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Notes

Pell Grant Program Changes

- Loss of FFEL or Direct Loan eligibility means loss of Pell Grant eligibility

8

Campus-Based Programs (FSEOG, FWS, Perkins) Changes

- Changes to institutional allocation process
  - ▲ Beginning with award year 2000-01
    - *Base year moved to award year 1999-2000*
  - ▲ Elimination of pro-rata share of funds
- All excess funds distributed on a fair-share basis

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Notes

FSEOG Changes

- 10% carry forward and carry back

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FWS Changes

- Community-service requirement increases to 7% of federal funds in 2000-01 award year
- Must have at least one reading tutoring or family literacy project in 2000-01 award year
- FWS pay can be credited to the student's account with student's authorization

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Notes

Federal Perkins Loan Changes

Beginning with FY 2000:

- If school's cohort default rate is 25% or more, then a zero default penalty (no allocation)
  - default reduction plan not required
- If school's cohort default rate is 50% or more for the three most recent award years, then:
  - loss of program participation
  - liquidation of portfolio

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Federal Perkins Loan Changes (cont'd)

- Elimination of Expanded Lending Option
  - Instead:
    - *Increase in annual loan limits at all participating schools*
      - $4,000 for undergraduate students
      - $6,000 for graduate students
    - *Increase in aggregate loan limits at all participating schools*
      - $40,000 for graduate students
      - $20,000 for undergraduates who have completed 2 years toward a B.A. degree
      - $8,000 for all other students

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Notes

Federal Perkins Loan Changes (cont'd)

- Extension of deferments and cancellations currently in statute to all borrowers with outstanding loans
- Incentive repayment program
  - Lower interest rate (4%) after 48 consecutive payments
  - 5% discount of unpaid principal balance if paid early
  - Federal money may not be used to fund these incentives
- Title IV eligibility restored to borrowers with satisfactory repayment arrangements. Borrowers may receive this benefit only once.

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FFEL and Direct Loan Changes

- No multiple disbursement required if:
  - School has default rate of less than 10% for 3 years and loan period is not more than one semester, one trimester, one quarter, or four months or
  - Study abroad student and school has cohort default rate of less than 5%
- No delayed disbursement required if:
  - School has default rate of less than 10% for 3 years or
  - Study abroad student and school has cohort default rate of less than 5%
- Master promissory note required

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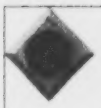
Notes

2. Recipient Financial Management System (RFMS)

- Beginning July 1, 1999, schools will use the new Recipient Financial Management System (RFMS) to report student payment information to ED for the Federal Pell Grant Program.

a. Records



Recipient Financial Management System (RFMS)

Four types of records that a school sends to RFMS:

- origination records
- disbursement records
- special disbursement records
- data request records

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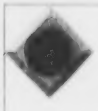

Origination Records

- Include demographic data about the school and any branches
- Used to report an expected award amount and expected disbursement dates for each student who may receive a Federal Pell Grant
- Must be sent before or at the same time as the disbursement record
- Can be sent as early as the spring before the award year

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Notes

Disbursement Records

- Used to report how much was or will be disbursed and when the disbursement occurred or will occur
- Can be sent to RFMS up to 30 days (beginning July 1) before and 30 days after the actual disbursement
- Have a direct effect on a school's Federal Pell Grant authorization level
- Will not be accepted unless an accepted origination record is on file

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Special Disbursement Records

- Required for schools on reimbursement payment method
- Contain more data than a regular disbursement record
- May also be used by schools to track their Federal Pell Grant funding on a payment-period basis

19

Notes

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Data Request Records

- Used to track how the Federal Pell Grant Program is administered
- Include Multiple Reporting Records (MRRs), batch replacements, Electronic Statements of Account (ESOAs), and Year-to-Date (YTD) data

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Acknowledgements

The acknowledgement record from ED includes an action code that specifies one of three statuses:

- Accepted: All data were accepted. No further action required.
- Corrected: RFMS corrected one or more data fields. Review record to ensure no corrections are needed.
- Rejected: Errors in one or more data fields or a duplicate record result in a rejection. Correct and resubmit records; resubmit duplicates only if data changes.

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Notes

b. *Funding*

Funding

- Initial funding amounts are estimated by ED and authorizations are created and posted to RFMS.
- RFMS generates an Electronic Statement of Account (ESOA) and sends it to the school.
- This initial authorization is the amount against which school draws down funds.
- RFMS goal is to have funds available for drawdown within 24 to 36 hours of receiving the school's data transmission.

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- Accepted disbursement records drive the funding level in GAPS, providing funds for schools to draw down.
- The RFMS goal is to have funds available for drawdown within 24 to 36 hours of receiving the school's data transmission.

Just-in-Time Payment Pilot

- Pilot for 1999-2000 award year with a small number of schools.
- Schools using just-in-time payment method have funds directly deposited into their bank account once RFMS accepts a student's disbursement record.
- To sign up to participate during the next pilot year, 2000-01, send an email to **#pell_systems@ed.gov**.

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Notes

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c. *Requesting Data*

Electronic Statements of Account (ESOAs)

- Generated by RFMS at the time of the initial authorization.
- Generated when a school sends in disbursement records that result in an adjustment to the school's account.
- Can also be requested by the school.

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Multiple Reporting Records (MRRs)

- Sent automatically when a potential overpayment or concurrent enrollment occurs.
- Potential overpayment occurs when two or more schools send a disbursement record for a student and the percentage of the student's Federal Pell Grant eligibility used is greater than 100%.
- Concurrent enrollment occurs when two or more schools send in origination and disbursement records for the same student with enrollment dates within 30 days of each other.

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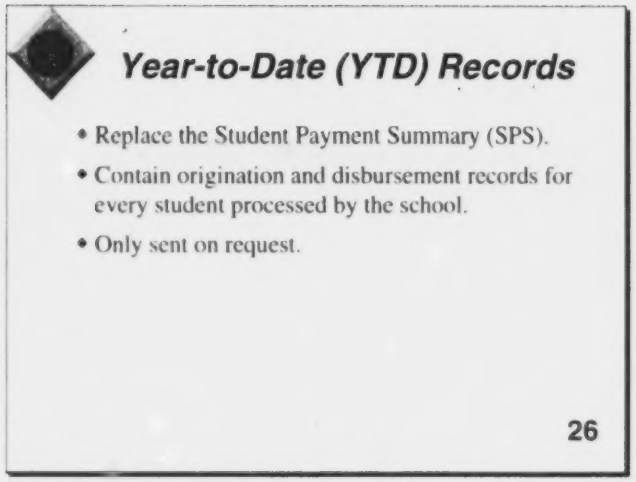
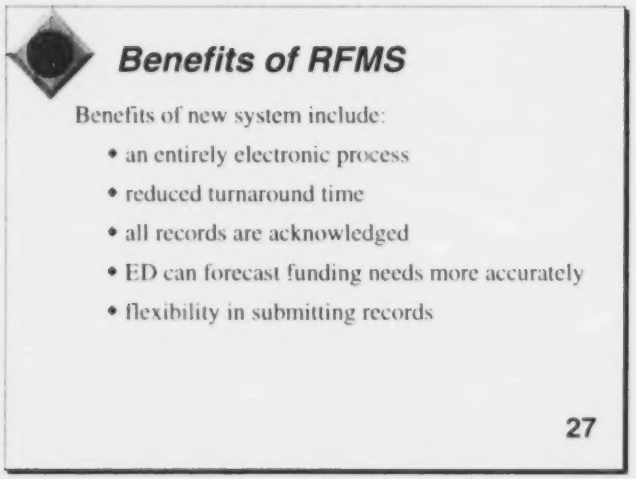
- Schools can also request an MRR to obtain information about other schools that may have submitted origination or disbursement records for their students.

Notes


Year-to-Date (YTD) Records
• Replace the Student Payment Summary (SPS).
• Contain origination and disbursement records for every student processed by the school.
• Only sent on request.
26

d. Benefits


Benefits of RFMS
Benefits of new system include:
• an entirely electronic process
• reduced turnaround time
• all records are acknowledged
• ED can forecast funding needs more accurately
• flexibility in submitting records
27

3. Access America for Students

- Access America for Students will provide electronic, Web-based access to government services.
- Access America for Students also tests key concepts of the Modernization Blueprint (formerly Project Easy Access for Students and Institutions).
- The timeline for implementing the Access America for Students pilot project is aggressive, with the pilot project scheduled to begin in the 1999-2000 funding year.
- More information is available at **http://easi.ed.gov**

Notes

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1 Accounting Procedures for Title IV Programs

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OBJECTIVES

By the end of this session, you will be able to:

- describe the relationship between a school's accounting system and Title IV requirements,
- identify methods of internal control,
- discuss linking the school's accounting system to internal and external reporting requirements, and
- develop and analyze a chart of accounts.

RESOURCES

- *The Blue Book,* Chapter 5—Accounting Procedures for Title IV Programs
- *Student Financial Aid Handbook*
- Federal Regulations 34 CFR 668.163

A. CASE STUDY OVERVIEW

On page 3 of your Participant's Guide you will find the case study about Knowledge College. Spend a few minutes reading through it. As we move through this session on accounting procedures, after information is presented, you will be asked to respond to a related section of the case study.

CASE STUDY — KNOWLEDGE COLLEGE

Knowledge College is faced with a number of challenges and opportunities. The school is converting to a new accounting software package. The existing chart of accounts has not been systematically reviewed in a number of years, even though accounts should be reviewed on an annual basis. New account numbers have been assigned in a haphazard manner, and no accounts have ever been deleted.

The college is also installing an integrated data management system across campus that will streamline processing student records in all offices. Concerns exist about the separation of functions between the financial aid office and the business office once this system goes online.

To make matters worse, accounting for Title IV funds never went smoothly with the old system. This has resulted in a deteriorated working relationship between the business office and the financial aid office. In fact, staff members in the two offices barely speak.

The financial vice president has already issued an ultimatum: "Get these problems fixed!"

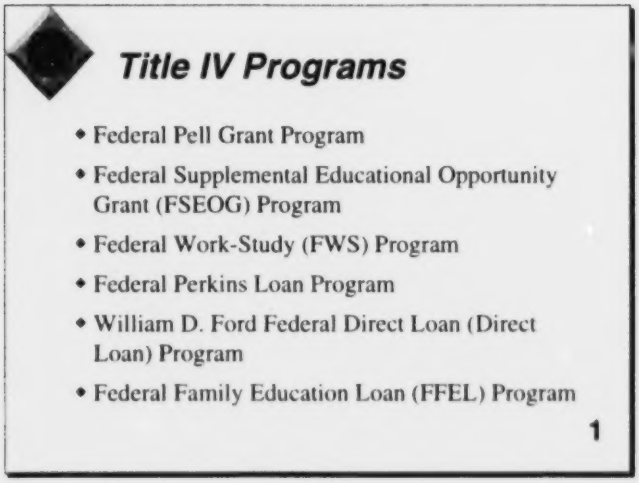
Knowledge College participates in the Federal Pell Grant and FFEL Programs. The college president now is considering applying for Federal Work-Study funds. Questions keep coming, such as asking if a new program can be integrated into the accounting system and how much an FWS program will cost the institution.

During the course of this session on accounting procedures, you will be applying what you learn to help Knowledge College in meeting its challenges and solving its problems. You will be assisting the school with the following:

- Cooperative efforts to support the accounting system
- Chart of accounts
- Separation of functions
- Trial balance
- Internal reporting
- External reporting

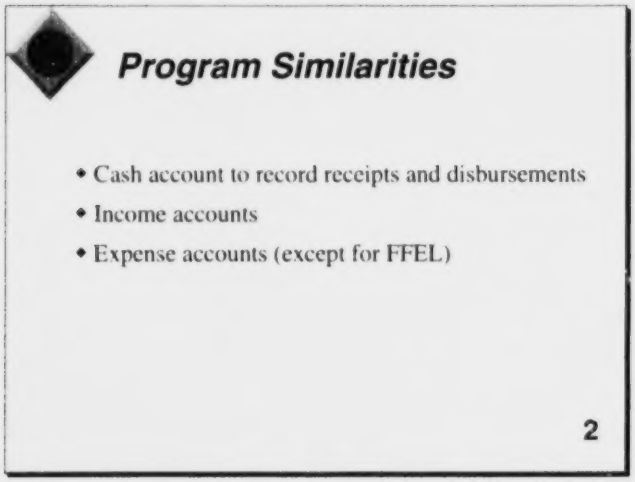
B. TITLE IV PROGRAMS: IMPACT ON ACCOUNTING

1. Title IV Programs


Title IV Programs
• Federal Pell Grant Program
• Federal Supplemental Educational Opportunity Grant (FSEOG) Program
• Federal Work-Study (FWS) Program
• Federal Perkins Loan Program
• William D. Ford Federal Direct Loan (Direct Loan) Program
• Federal Family Education Loan (FFEL) Program
1

- Accounting is one of the important responsibilities of schools participating in Title IV programs.
- The National Association of College and University Business Officers (NACUBO) Web site is **www.nacubo.org**.
- The National Association of Student Financial Aid Administrators (NASFAA) Web site is **www.nasfaa.org**.

2. Program Similarities


Program Similarities
• Cash account to record receipts and disbursements
• Income accounts
• Expense accounts (except for FFEL)
2

Notes

3. Program Differences

Program Differences

Administrative Cost Allowance (ACA):

- For Federal Pell Grant—paid directly to school and recorded as income and an expense.
- For campus-based programs—may be paid out of program funds and recorded as an expense in the chart of accounts.

3

Program Differences (cont'd)

Matching Requirements:

- Federal Perkins Loan requires cash (institutional capital contribution [ICC]).
- FSEOG and FWS allow cash or non-cash contributions.
  - Non-cash option must be accounted for as such.

4

Notes

Program Differences (cont'd)

Institutional Responsibilities:

- Accounting for FFEL and Direct Loans involves receiving and disbursing funds.
- Federal Perkins Loan accounting includes transactions common to any loan program, plus specific program requirements.

5

C. THE BUSINESS OFFICE AND THE FINANCIAL AID OFFICE: A PARTNERSHIP

1. Financial Aid Office Record-Keeping Functions

Examples of Records Usually Maintained by Financial Aid Office

- Student's application for financial aid,
- Loan applications/master promissory notes,
- Federal Perkins Loan promissory notes,
- Financial aid awards accepted or declined,
- Record of cumulative aid received by a student,
- Student eligibility documentation, and
- FISAP.

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2. Business Office and Financial Aid Office Cooperative Efforts

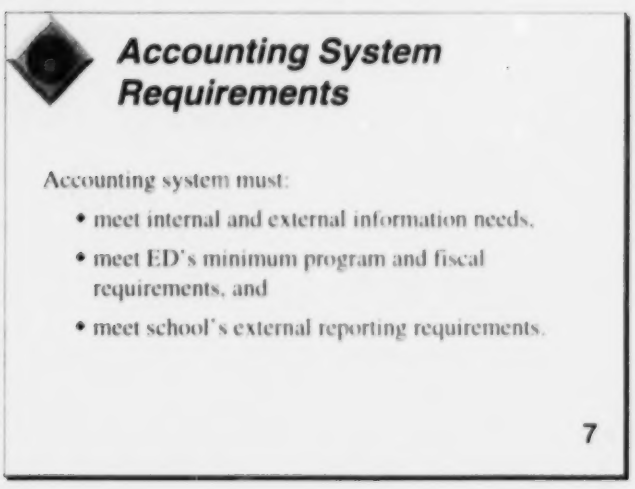
- Disbursing aid and generating student bills should be coordinated.
- When preparing reports or lists for the other office, ask how it would like the information sorted.

Notes

- When preparing a spreadsheet, total all columns.
- Hold a joint planning meeting before the FISAP due date or before an audit or program review.
- Share correspondence.
- Invite representatives from the other office to attend a staff meeting or training session; hold joint staff meetings on occasion.
- Group Discussions: Knowledge College is converting to a new accounting software package.
  - Who should be involved in the conversion planning?
  - What input documents will feed information into the system?
  - Who should have access to the various parts of the system?

D. ACCOUNTING STRUCTURE: CHART OF ACCOUNTS

1. Accounting System Requirements


Accounting System Requirements
Accounting system must:
• meet internal and external information needs,
• meet ED's minimum program and fiscal requirements, and
• meet school's external reporting requirements.
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- The accounting system may be manual or automated. Most schools, of course, use an automated system.

Notes

2. Chart of Accounts

Chart of Accounts

The chart of accounts has two components:

- an account number, which follows a standard account-code structure and
- a definition, by name, of the account code.

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Chart of Accounts (cont'd)

Single first digit of account number is link to financial statement:

1 - Asset Account

2 - Asset Reduction Account

3 - Liability Account

4 - Capital Account (or Program Balance)

5 - Capital Reduction Account

6 - Income Account (Revenue)

7 - Expense Account

9

- The account grouping for each Title IV program account contains some or all of these financial statement elements.

Notes

Title IV Account Groupings

Each program account grouping is:

- separate from other programs,
- separate from institutional operating accounts, and
- self-balancing.

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- The sum of the ledger accounts with debit balances equals the sum of accounts with credit balances.
- *The Blue Book*, Chapter 5, provides a detailed chart of accounts for Title IV programs.

Case Study Exercise 1: Chart of Accounts

A chart of accounts exercise appears on pages 10 - 12. Your task is to finish numbering the accounts for Knowledge College and provide a description of several new accounts.

Knowledge College receives Federal Pell Grant funds of $100,000 and participates in the FFEL Program ($1,000,000 in student loan funds and $333 investment income). The president of Knowledge College is interested in initiating an FWS Program. The chart of accounts needs to include account numbers and descriptions for all these programs.

The answers appear on pages 22 - 24.

Notes

Summary Chart of Accounts Exercise

Federal Pell Grant Program

_ - 1 Cash, Federal Pell Grants
Debit this account for:
- Transfers from GAPS accounts

Credit this account for:
- Payments to students
- Recoveries from recipients

_ - _ Accounts Receivable, GAPS
Debit this account for:
- Awards disbursed to students

Credit this account for:
- Cash received from GAPS

6 - 1 Transfer from GAPS - Federal Pell Grants for Students
Debit this account for:
- Total amount of cash transferred from GAPS (fiscal year)

Credit this account for:
- Cash transferred from GAPS (current needs)

_ - _ Federal Reimbursement of Pell Grant ACA
Debit this account for:
- Total ACA funds transferred (fiscal year)

Credit this account for:
- ACA payments received

7 - 1 Student Grants Paid - Federal Pell Grant
Debit this account for:
- Grant payments to students

Credit this account for:
- Recoveries from recipients
- Total grant payments (fiscal year)

_ - _ ACA Paid to Institution
Debit this account for:
- ACA paid to institution

Credit this account for:
- Closing entry (fiscal year)

SUMMARY CHART OF ACCOUNTS EXERCISE (CONT'D)

Federal Family Education Loan (FFEL) Program

1 - 1 Cash FFEL Account
Debit this account for:
- Cash received from lenders

_ - _ Cash Returned to Lenders
Credit this account for:
- Cash returned to lenders

_ - _ Cash Disbursed to Borrowers
Credit this account for:
- Cash disbursed to borrowers

_ - _ Cash Interest Earnings
Debit this account for:
- Interest earned

Credit this account for:
- Interest earned - transferred to institution

3 - 1 FFEL Trust Account
Debit this account for:
- Funds disbursed to borrowers

Credit this account for:
- Funds received from lenders

_ - _ Interest Earnings from Investment of FFEL Funds
Debit this account for:
- Cash earnings transferred to institution

Credit this account for:
- Interest earned

Summary Chart of Accounts Exercise (Cont'd)

Federal Work-Study Program

1 - 1 Cash, Federal Work-Study
Debit this account for:
- _____

Credit this account for:
- _____

_ - _ Accounts Receivable, Off-Campus Entities
Debit this account for:
- _____

Credit this account for:
- _____

3 - 1 Federal Income Taxes Withheld

_ - _ Social Security Taxes Withheld

_ - _ State Income Taxes Withheld

_ - _ Other Withholding
Debit this account for:
- _____

Credit this account for:
- _____

_ - _ Accrued Wages Payable

_ - _ Employer's Payroll Taxes Payable

_ - _ Transfer from GAPS - Federal Work-Study

_ - _ Institution's Cash Contribution

_ - _ Institution's Non-Cash Contribution (Memo Account)

E. INTERNAL CONTROL: CHECKS AND BALANCES

Notes

Internal Control

A system of checks and balances should include, at a minimum:

- separating authorizing and disbursing functions for Title IV funds,
- taking a trial balance,
- reconciling cash between book and bank balances,
- reconciling federal funds between bank account and federally reported cash balances, and
- performing electronic data processing controls.

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1. Separation of Functions

Separation of Functions

Separation of functions is a fundamental control concept:

- Financial aid office is responsible for authorizing funds to be disbursed by awarding aid.
- Business office is responsible for disbursing aid by applying funds to charges and/or delivering funds to students.

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- There should also be a separation of functions so that the person who reconciles cash and reconciles federal funds does not also receive cash or perform disbursement functions.
- Group Discussion: Separation of Functions
  - How are you dealing with the separation of functions at your school?
  - What advice can you give Knowledge College?

2. Trial Balance

Trial Balance and Reconciliation of Cash

Trial balance:

- used to confirm that accounts receivable, program expenditures, and cash balance equal amount of funds authorized and should be performed monthly.

Cash reconciliation:

- confirmation that cash amount in accounting records agrees with bank statements and should be performed on receipt of bank statement.

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3. Reconciliation of Cash

Reconciliation of Cash

By reconciling cash on a timely basis, the school can make adjusting entries to account for:

- bank service charges,
- non-sufficient funds (NSF) checks,
- debit and/or credit memoranda, and
- error corrections.

14

Notes

Reconciliation of Cash (cont'd)

Staff should be trained to detect a variety of fiscal problems, including:

- delays in deposits,
- checks outstanding for long periods of time,
- irregularities in transfers and adjustments, and
- deviations on cancelled checks (payee, signature, or endorsement).

15

4. Reconciliation of Federal Funds

Reconciliation of Federal Funds

Reconciliation process should include a check of expenditure records reported in:

- the trial balance reports,
- Grant Administration and Payment System (GAPS),
- FISAP,
- Federal Direct Loan reconciliation reports, and
- audit reports.

16

Notes

5. Monthly Direct Loan Reconciliations

Direct Loan Reconciliation

Direct Loan schools must reconcile two types of transactions with the Loan Origination Center (LOC):

- cash transactions (involving cash drawdowns and the return of excess cash) and
- loan transactions that have affected cash disbursements and adjustments.

17

6. Electronic Data Processing Controls

- Electronic data processing (EDP) controls are controls that ensure the integrity and reliability of data.

Electronic Data Processing (EDP) Controls

EDP controls encompass:

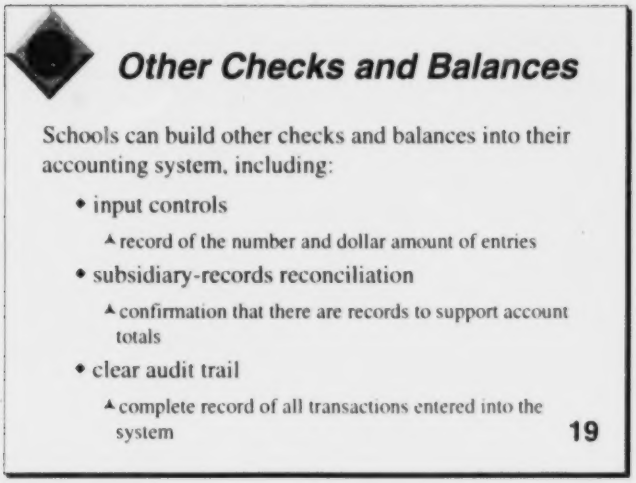
- operating procedures,
- software security,
- data access,
- program modification,
- segregation of computer security duties and responsibilities,
- back-up and recovery plans, and
- physical computer security.

18

- See Section 5.4 of *The Blue Book* for a listing of specific EDP security controls.

Notes

7. Other Checks and Balances


Other Checks and Balances
Schools can build other checks and balances into their accounting system, including:
• input controls
▲ record of the number and dollar amount of entries
• subsidiary-records reconciliation
▲ confirmation that there are records to support account totals
• clear audit trail
▲ complete record of all transactions entered into the system
19

- One of the purposes of an audit is to confirm that all reconciliations have been performed.
- A sample format for cash reconciliation appears in Chapter 5 of *The Blue Book*.

Case Study Exercise 2: Trial Balance

Your task, using the Federal Pell Grant data ($100,000) and FFEL data ($1,000,000 in student loan funds and $333 in investment income) is to complete the trial balance for Knowledge College's Title IV programs. The worksheet appears on the next page. The answers appear on page 25.

Notes

TRIAL BALANCE FOR TITLE IV PROGRAMS

Balance as of _____

Account Names	*Debit*	*Credit*
Federal Pell Grant Program		
Cash, Federal Pell Grants	xxxxx	
Transfer from GAPS		_____
Federal Reimbursement of Pell Administrative Cost Allowance		xxxxx
Student Grants Paid	_____	
Pell Administrative Cost Allowance Paid to Institution		xxxxx
Total, Federal Pell Grant Program	_____	_____
Federal Family Education Loan (FFEL) Program		
Cash, FFEL Account	_____	
Cash Returned to Lenders		xxxxx
Cash Disbursed to Borrowers		_____
Cash, Interest Earnings	_____	
FFEL Trust Account		xxxxx
Interest Earnings from Investment of FFEL Funds		_____
Total, Federal Family Education Loan (FFEL) Program	_____	_____

Prepared by _____ Date _____

Approved by _____ Date _____

F. LINKING THE INSTITUTION'S ACCOUNTING SYSTEM TO INTERNAL AND EXTERNAL REPORTING REQUIREMENTS

1. Internal Requests for Information

Internal Requests For Information

Examples of information other school staff might request:

- whether all Title IV aid has been disbursed for eligible students,
- institutional costs for Title IV programs,
- the financial impact of new regulations or requirements,
- amount of student reliance on loans, and
- enrollment and financial status of students.

20

- Group Discussion

The president of Knowledge College is eager to implement an FWS program and wants to know how much the program will cost the college. Although funds have not been requested, the president is asking you to calculate the cost to the school if it receives $100,000 in federal funding.

2. Linkages for External Reporting

Linking Accounting System to Title IV Reporting

Accounting structure is critical to reporting on Title IV programs, including the following:

- Federal Pell Grant reporting through ED's Recipient Financial Management System (RFMS),
- monthly reconciliation in the Direct Loan Program,
- overpayment and Federal Perkins Loan data reporting to National Student Loan Data System (NSLDS),

21

Notes

Linking Accounting System to Title IV Reporting (cont'd)

- applying for and reporting on the use of campus-based funds on the Fiscal Operations Report and Application to Participate (FISAP),
- annual compliance and financial audits, and
- possible program reviews.

22

Case Study Exercise 3: External Reporting

Your task is to ensure that Knowledge College's chart of accounts will facilitate the completion of the FISAP by assigning the appropriate account number to the requested items in the FISAP. The worksheet appears on the next page and the answers appear on page 26.

Notes

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External Reporting

Account	FISAP Line Item
	Part II, Section G
_ - _	#27: Total Federal Pell Grant Expenditures for the 1998-1999 Award Year
	Part V, Section C
	#11: Total Earned Compensation for FWS Program
_ - _	a. On-Campus Expenditures
_ - _	b. Off-Campus Expenditures at Public or Private Non-Profit Agencies
_ - _	c. Off-Campus Expenditures in the Private For-Profit Sector
_ - _	#12: Total Institutional Share of Earned Compensation
_ - _	
_ - _	
_ - _	

Summary Chart of Accounts Exercise

Federal Pell Grant Program

1 - 1 Cash, Federal Pell Grants
Debit this account for:
- Transfers from GAPS accounts

Credit this account for:
- Payments to students
- Recoveries from recipients

1 - 2 Accounts Receivable, GAPS
Debit this account for:
- Awards disbursed to students

Credit this account for:
- Cash received from GAPS

6 - 1 Transfer from GAPS - Federal Pell Grants for Students
Debit this account for:
- Total amount of cash transferred from GAPS (fiscal year)

Credit this account for:
- Cash transferred from GAPS (current needs)

6 - 2 Federal Reimbursement of Pell Grant ACA
Debit this account for:
- Total ACA funds transferred (fiscal year)

Credit this account for:
- ACA payments received

7 - 1 Student Grants Paid - Federal Pell Grant
Debit this account for:
- Grant payments to students

Credit this account for:
- Recoveries from recipients
- Total grant payments (fiscal year)

7 - 2 ACA Paid to Institution
Debit this account for:
- ACA paid to institution

Credit this account for:
- Closing entry (fiscal year)

Summary Chart of Accounts Exercise (Cont'd)

Federal Family Education Loan (FFEL) Program

1 - 1 Cash FFEL Account
Debit this account for:
- Cash received from lenders

1 - 2 Cash Returned to Lenders
Credit this account for:
- Cash returned to lenders

1 - 3 Cash Disbursed to Borrowers
Credit this account for:
- Cash disbursed to borrowers

1 - 4 Cash Interest Earnings
Debit this account for:
- Interest earned

Credit this account for:
- Interest earned - transferred to institution

3 - 1 FFEL Trust Account
Debit this account for:
- Funds disbursed to borrowers

Credit this account for:
- Funds received from lenders

6 - 1 Interest Earnings from Investment of FFEL Funds
Debit this account for:
- Cash earnings transferred to institution

Credit this account for:
- Interest earned

Summary Chart of Accounts Exercise (Cont'd)

Federal Work-Study Program

1 - 1 Cash, Federal Work-Study
Debit this account for:
- **Federal contributions from GAPS account**

Credit this account for:
- **Federal share of on-campus compensation**

1 - 2 Accounts Receivable, Off-Campus Entities
Debit this account for:
- **Amounts provided by off-campus employers to pay nonfederal share**

Credit this account for:
- **Cash paid by off-campus employers**

3 - 1 Federal Income Taxes Withheld

3 - 2 Social Security Taxes Withheld

3 - 3 State Income Taxes Withheld

3 - 4 Other Withholding
Debit this account for:
- **Taxes paid to appropriate agency**

Credit this account for:
- **Amounts withheld from students' pay for payment of taxes**

3 - 5 Accrued Wages Payable

3 - 6 Employer's Payroll Taxes Payable

6 - 1 Transfer from GAPS - Federal Work-Study

6 - 2 Institution's Cash Contribution

6 - 3 Institution's Non-Cash Contribution (Memo Account)

TRIAL BALANCE FOR TITLE IV PROGRAMS

Balance as of _____

Account Names	*Debit*	*Credit*
Federal Pell Grant Program		
Cash, Federal Pell Grants	xxxxx	
Transfer from GAPS		100,000
Federal Reimbursement of Pell Administrative Cost Allowance		xxxxx
Student Grants Paid	100,000	
Pell Administrative Cost Allowance Paid to Institution		xxxxx
Total, Federal Pell Grant Program	100,000	100,000
Federal Family Education Loan (FFEL) Program		
Cash, FFEL Account	1,000,000	
Cash Returned to Lenders		xxxxx
Cash Disbursed to Borrowers		1,000,000
Cash, Interest Earnings	333	
FFEL Trust Account		xxxxx
Interest Earnings from Investment of FFEL Funds		333
Total, Federal Family Education Loan (FFEL) Program	1,000,333	1,000,333

Prepared by _____ Date _____

Approved by _____ Date _____

External Reporting

Account	FISAP Line Item
	Part II, Section G
7-1	#27: Total Federal Pell Grant Expenditures for the 1998-1999 Award Year
	Part V, Section C
	#11: Total Earned Compensation for FWS Program
7-1	a. On-Campus Expenditures
7-3	b. Off-Campus Expenditures at Public or Private Non-Profit Agencies
7-4	c. Off-Campus Expenditures in the Private For-Profit Sector
6-2	#12: Total Institutional Share of Earned Compensation
6-3	
6-4	
6-5	

2 Applying for Federal Campus-Based Funds

CONTENTS

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Test Yourself Quiz: FISAP 13

B. Allocation Process 14

OBJECTIVES

By the end of this session, you will be able to:

- understand how to apply for federal campus-based funds,
- complete Part I and Part II of the Fiscal Operations Report and Application to Participate (FISAP), and
- understand the funding process.

RESOURCES

- *The Blue Book,* Chapter 3—Obtaining Authorization for Campus-Based Funding
- *The Blue Book,* Chapter 6—Title IV Reporting, NSLDS, Audit, Program Review, and Guaranty Agency Procedures
- *The Fiscal Operations Report and Application to Participate (FISAP)* Instructions Booklet
- Federal Regulations 34 CFR Parts 673.3, 674.19, 675.19, and 676.19
- DCL CB-99-2 (January 1999)
- DCL CB-98-11 (LD) (July 1998)

A. THE FISCAL OPERATIONS REPORT AND APPLICATION TO PARTICIPATE (FISAP)

The FISAP

The Fiscal Operations Report and Application to Participate (FISAP) is:

- an annual report of financial aid funds spent and enrollment activity for the previous award year and
- an application a school completes to receive funds from one or more Title IV campus-based programs for the following award year.

1

The FISAP (cont'd)

Federal regulations require a school to submit a FISAP if:

- the school is requesting campus-based funds for the following award year,
- the school received campus-based funds the previous award year, or
- the school has a Federal Perkins Loan fund, but is not applying for campus-based funds.

2

- The U.S. Department of Education's (ED's) Title IV Wide Area Network (TIV WAN) enables a school to transmit, receive, and report FISAP information using a personal computer (PC).
- Each FISAP reports information for the preceding award year that ended June 30 of the current calendar year and requests funds for the award year that begins on July 1 of the following calendar year.

For example, when a school files a FISAP on October 1, 1999, it will report on the period from July 1, 1998 through June 30, 1999, and apply for the period July 1, 2000 to June 30, 2001.

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Notes

THE FISAP CYCLE

Date	Action
August 1	ED distributes FISAP software to schools.
August 27	Schools submit reallocation form electronically to ED.
October 1	Schools submit FISAP electronically to ED.
November 15	Schools receive electronic edit report from ED.
December 15	Schools submit any edit corrections electronically to ED.
February 1	Schools receive tentative allocation of funds notice electronically from ED.
April 1	ED notifies schools electronically of final allocation.

- In addition to the data submitted electronically, a school must mail signed, original copies of the FISAP signature page and certification forms to ED.
- All FISAP edits must be resolved or explained to ED's satisfaction before any Title IV funds are allocated.
- FISAP Question and Answer:

  Aleave Business College has decided not to apply for campus-based funds for the 2000-01 award year because it is phasing out the educational programs eligible for Title IV assistance. However, Aleave Business College received campus-based funds for the Federal Perkins Loan Program and Federal Supplemental Educational Opportunity Grant (FSEOG) Program for the 1998-99 award year.

Q: Should Aleave Business College file a FISAP for the 2000-01 award year?

Q: Aleave Business College filed its FISAP by October 1, but later discovered an error on the FISAP. Can Aleave Business College correct the error? If so, what is the deadline for submitting the corrections to ED?

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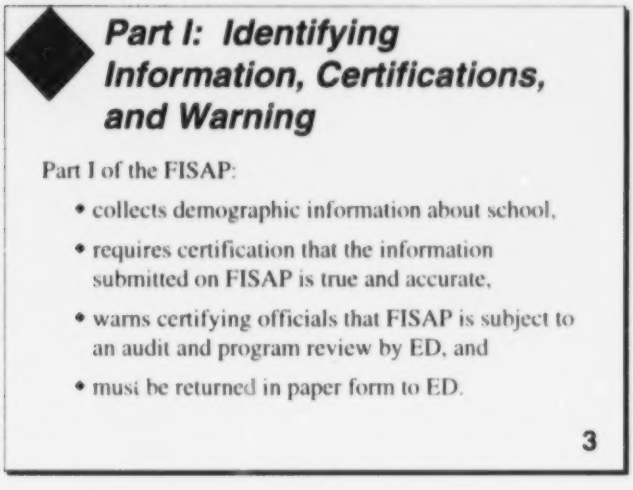
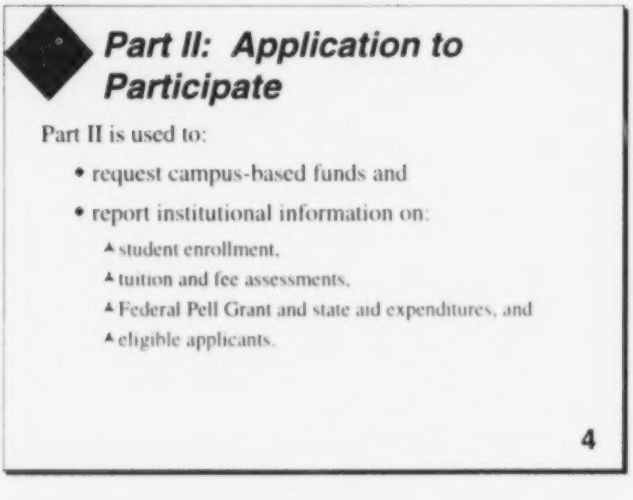
1. Part I: Identifying Information, Certifications, and Warning

- All schools must complete Part I of the FISAP. Parts I and II of the FISAP appear on pages 20 through 22 of this Guide.


Part I: Identifying Information, Certifications, and Warning
Part I of the FISAP:
• collects demographic information about school,
• requires certification that the information submitted on FISAP is true and accurate,
• warns certifying officials that FISAP is subject to an audit and program review by ED, and
• must be returned in paper form to ED.
3

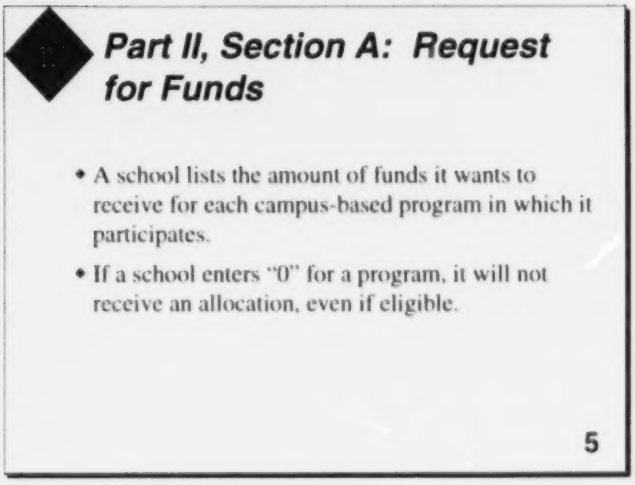
2. Part II: Application to Participate


Part II: Application to Participate
Part II is used to:
• request campus-based funds and
• report institutional information on:
▲ student enrollment,
▲ tuition and fee assessments,
▲ Federal Pell Grant and state aid expenditures, and
▲ eligible applicants.
4

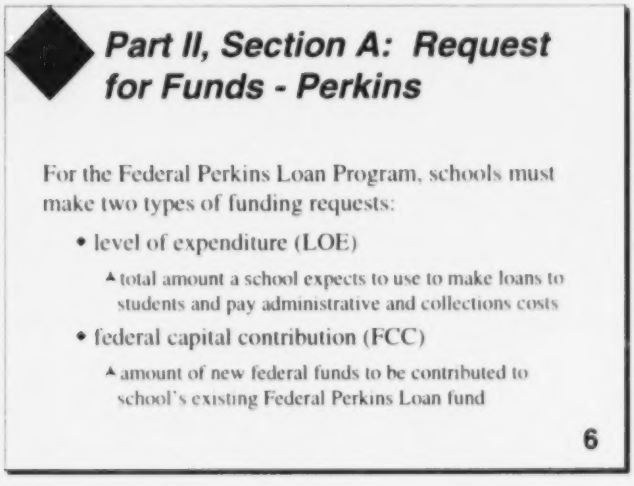
- The amount of funds an institution receives is determined by formulas contained in federal law and regulations.

Notes

a. Section A: Request for Funds


Part II, Section A: Request for Funds
• A school lists the amount of funds it wants to receive for each campus-based program in which it participates.
• If a school enters "0" for a program, it will not receive an allocation, even if eligible.
5

- A school should not request more funds for a program than it expects to use.


Part II, Section A: Request for Funds - Perkins
For the Federal Perkins Loan Program, schools must make two types of funding requests:
• level of expenditure (LOE)
▲ total amount a school expects to use to make loans to students and pay administrative and collections costs
• federal capital contribution (FCC)
▲ amount of new federal funds to be contributed to school's existing Federal Perkins Loan fund
6

Notes

Part II, Section A: Request for Funds - FSEOG and FWS

For the FSEOG and FWS Programs, schools request the amount of federal funds they need to:

- make FSEOG awards to students and pay FSEOG administrative costs in the upcoming year and
- make FWS awards to students to pay their earned compensation, cover allowable Job Location and Development Program expenditures in FWS, and pay FWS administrative costs.

7

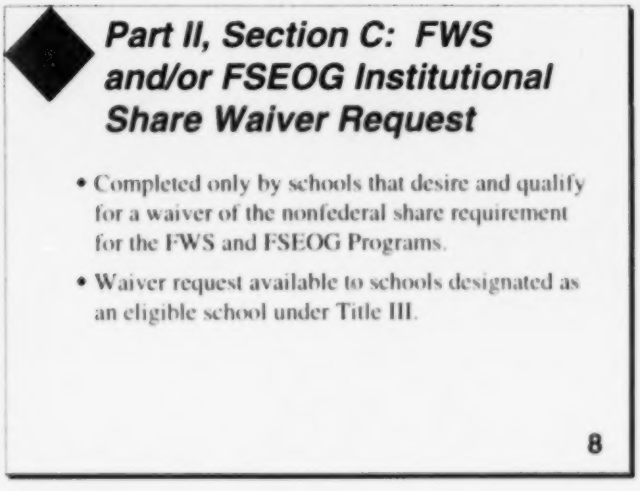
- At least 7 percent of a school's FWS funds must be spent for community-service positions beginning with the 2000-01 award year.

b. Section B: Reserved for Future Use

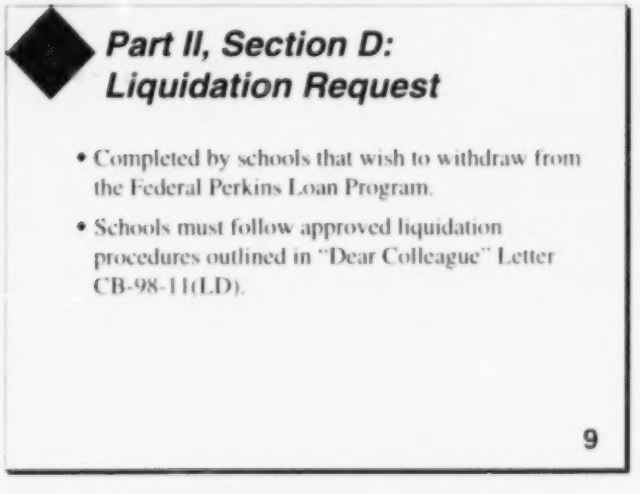
- Schools skip this section.

Notes

c. *Section C: FWS and/or FSEOG Institutional Share Waiver Request*

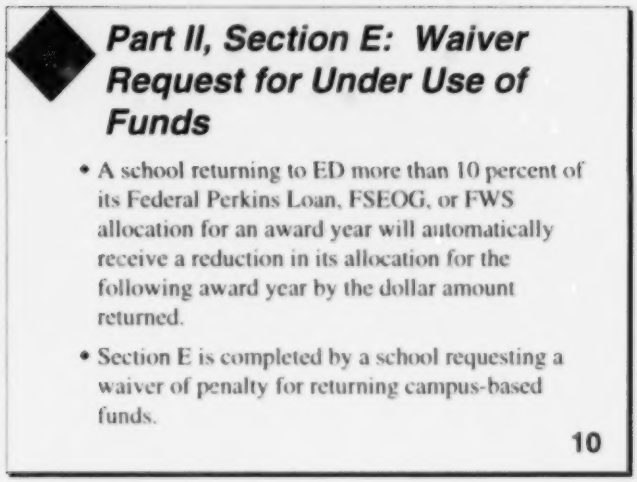

Part II, Section C: FWS and/or FSEOG Institutional Share Waiver Request
• Completed only by schools that desire and qualify for a waiver of the nonfederal share requirement for the FWS and FSEOG Programs.
• Waiver request available to schools designated as an eligible school under Title III.
8

d. *Section D: Federal Perkins Loan Program Liquidation Request*


Part II, Section D: Liquidation Request
• Completed by schools that wish to withdraw from the Federal Perkins Loan Program.
• Schools must follow approved liquidation procedures outlined in "Dear Colleague" Letter CB-98-11(LD).
9

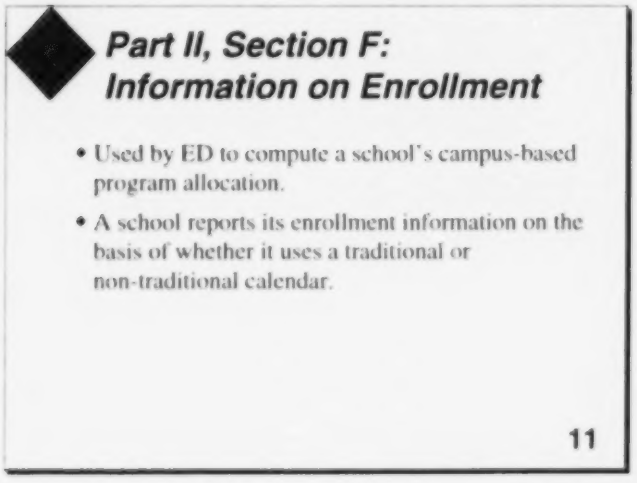
Notes

e. Section E: Waiver Request for Under Use of Funds


Part II, Section E: Waiver Request for Under Use of Funds
• A school returning to ED more than 10 percent of its Federal Perkins Loan, FSEOG, or FWS allocation for an award year will automatically receive a reduction in its allocation for the following award year by the dollar amount returned.
• Section E is completed by a school requesting a waiver of penalty for returning campus-based funds.
10

- Each waiver request will be considered by an ED review panel.

f. Section F: Information on Enrollment


Part II, Section F: Information on Enrollment
• Used by ED to compute a school's campus-based program allocation.
• A school reports its enrollment information on the basis of whether it uses a traditional or non-traditional calendar.
11

Notes

Part II, Section F: Information on Enrollment (cont'd)

A school that uses a traditional calendar:

- has an academic year that consists of terms and admits students only once each term.

A school that uses a non-traditional calendar:

- admits students monthly or more frequently into a majority of its eligible programs, even if they attend classes on a quarter, trimester, or semester basis.

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- Include any student enrolled in one or more undergraduate or graduate/professional classes, except students who were exclusively auditing classes.

g. Section G: Assessments and Expenditures

Part II, Section G: Assessments and Expenditures

- Used by ED to compute a school's need for campus-based program funds.
- A school reports tuition and fee revenues assessed for all students reported as enrolled in Section F of Part II.

13

- Assessed tuition and fee revenues include:
  - amounts charged and collected,
  - amounts charged but not collected, and
  - remissions or waivers of costs, even though not collected.

Notes

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- A school should include only those fees that are charged to all students.
- If a school charges a total, inclusive fee for tuition, room, and board, it may not count the room and board portion of the fee in assessed revenues. It must allot a reasonable amount of the total fee to tuition only.
- If a school assesses and collects fees on behalf of a non-institutional agency, it may not count these fees in assessed revenues.

  For example, student medical-insurance premiums collected by a school and passed on to an insurance company are not considered school-assessed revenues.

Notes

Part II, Section G: Assessments and Expenditures (cont'd)

- A school reports total Federal Pell Grant expenditures for the previous award year.
- A school reports information on state scholarships and grant expenditures for the previous award year.

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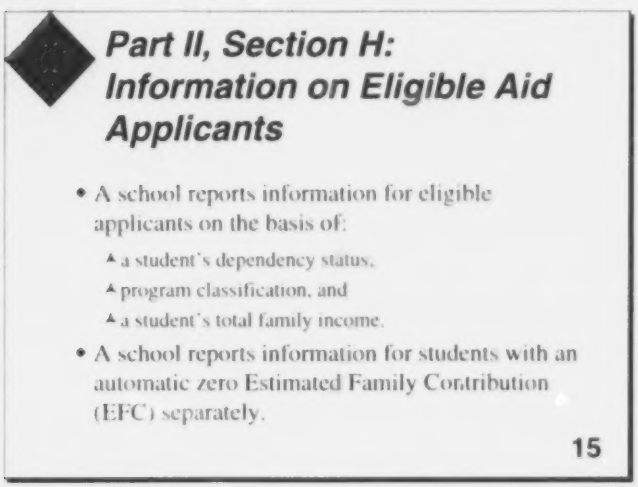
- State awards include those from the state in which a school is located and those from other states.
- Robert C. Byrd Honors Scholarships and Paul Douglas Teacher Scholarships should not be reported.

h. Section H: Information on Eligible Aid Applicants

- Information is reported for students who enrolled at the institution for the previous award year and applied for financial aid.
- Any student who meets the definition of an "eligible aid applicant" must be included, even if the student received no financial aid funds.


Part II, Section H:
Information on Eligible Aid Applicants
• A school reports information for eligible applicants on the basis of:
▲ a student's dependency status,
▲ program classification, and
▲ a student's total family income.
• A school reports information for students with an automatic zero Estimated Family Contribution (EFC) separately.
15

- Backup documentation must be maintained at the school for three years after the end of the award year in which the report was submitted to ED.
- On page 13 you will find a quiz on the FISAP. Please take a few minutes to complete it.

Notes

Test Yourself Quiz

FISAP

1. A school will automatically receive a reduction in its allocation for the following year if it returns more than what percentage of its Federal Perkins Loan funds in the previous year?

   a. 2% b. 10% c. 5% d. 3%

2. For the Federal Perkins Loan Program, schools must request funding for the Expanded Lending Option (ELO) and the federal capital contribution (FCC). True or False?

3. To help determine a school's allocation, ED uses the school's:

   a. enrollment information
   b. assessments
   c. expenditures
   d. all of the above

4. Information is reported on the FISAP for students who enrolled at the school for the previous award year and applied for financial aid, even if the student received no financial aid funds. True or False?

5. Braxton University has:

   - 5,200 undergraduate students
   - 2,090 graduate students
   - 850 professional students
   - 500 students exclusively auditing classes

   Which group of students will not be included in Section F?

   _____

B. ALLOCATION PROCESS

Allocating Funds

ED calculates a school's allocation of funds on the basis of:

- allocation formulas prescribed in federal law and
- funding appropriated by Congress.

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Notes

CAMPUS-BASED ALLOCATIONS

Effective	Base Guarantee	Pro-Rata Share Amount	Fair Share
Through 1999-2000	Amount received in 1985-86	yes	yes
Beginning 2000-01 award year	1999-2000 base* plus 1999-2000 pro-rata share	eliminated	yes

* Base guarantee will be zero for a specific award year for any institution with a cohort default rate of 25 percent or more in the Federal Perkins Loan Program.

- *The Blue Book*, page 3-2, also has information about the allocation process.

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Notice of Funding

- By April 1, ED sends schools electronically an "Official Notice of Funding."
- This notice is a school's authorization to spend up to the amount of federal funds listed for each campus-based program in which it participates and for which it has requested funds.

17

- If a school does not use its total allocation of campus-based funds during an award year, it is required to return the unexpended allocation to ED so the money can be reallocated to other schools.

Release of Funds

- In August, ED requests the release of a school's unexpended allocated funds. A school completes the reallocation form, now a part of the FISAP software.
- If a school releases more than 10 percent of its allocation, the allocation for that program will be reduced by that same amount the next award year.
- If the school can show just cause for returning the funds, it can submit a waiver request to ED.

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Notes

UNITED STATES DEPARTMENT OF EDUCATION

Office of Postsecondary Education

Regional

991689
HUSSON COLLEGE
ONE COLLEGE CIRCLE
BANGOR ME 04401

DATE: MARCH 15, 1999

OFFICIAL NOTICE OF FUNDING THE FEDERAL SUPPLEMENTAL EDUCATIONAL OPPORTUNITY GRANT, FEDERAL WORK-STUDY AND/OR FEDERAL PERKINS LOAN PROGRAMS

GRANT PERIOD: JULY 1, 1999 THROUGH JUNE 30, 2000

FEDERAL SUPPLEMENTAL EDUCATIONAL OPPORTUNITY GRANT PROGRAM

DOCUMENT NUMBER: P007A991689 $373,635

PROJECT CODE: H300072 APPROPRIATION NO: 919/00200 O.C.C. 4110L

FEDERAL WORK-STUDY PROGRAM

DOCUMENT NUMBER: P033A991689 $210,097

PROJECT CODE: H400333 APPROPRIATION NO: 919/00200 O.C.C. 4110L

FEDERAL PERKINS LOAN PROGRAM

LEVEL OF EXPENDITURE: $250,000
DOCUMENT NUMBER: P038A991689

FEDERAL CAPITAL CONTRIBUTION $32,799

PROJECT CODE: H500381 APPROPRIATION NO: 919/00200 O.C.C. 4110L

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600 INDEPENDENCE AVE., S.W. WASHINGTON, D.C. 20202

60

PAYMENTS UNDER THIS AWARD WILL BE MADE AVAILABLE THROUGH THE DEPARTMENT OF EDUCATION (ED) PAYMENT MANAGEMENT SYSTEM ADMINISTERED BY THE ED OFFICE OF MANAGEMENT AND BUDGET/CHIEF FINANCIAL OFFICER. INQUIRIES REGARDING PAYMENT SHOULD BE DIRECTED TO:

DEPARTMENT OF EDUCATION
ACCOUNTING AND FINANCIAL MANAGEMENT SERVICE
600 INDEPENDENCE AVENUE, S.W.
WASHINGTON, D.C. 20202-4331

Michele L Selvage

MICHELE L. SELVAGE, DIRECTOR
INSTITUTIONAL FINANCIAL MANAGEMENT DIVISION
ACCOUNTING AND FINANCIAL MANAGEMENT SERVICE

UNITED STATES DEPARTMENT OF EDUCATION

Office of Postsecondary Education

991689
HUSSON COLLEGE
ONE COLLEGE CIRCLE
BANGOR ME 04401 DATE: SEPTEMBER 18, 1999

OFFICIAL NOTICE OF FUNDING THE FEDERAL SUPPLEMENTAL EDUCATIONAL OPPORTUNITY GRANT, FEDERAL WORK-STUDY AND/OR FEDERAL PERKINS LOAN PROGRAMS

GRANT PERIOD: JULY 1, 1999 THROUGH JUNE 30, 2000

FEDERAL SUPPLEMENTAL EDUCATIONAL OPPORTUNITY GRANT PROGRAM

	ADJUSTMENT	ADJUSTED AWARD
	$1,298	$374,933

DOCUMENT NUMBER: P007A991689

PROJECT CODE: H300072 APPROPRIATION NO: 919/00200 O.C.C. 4110L

FEDERAL WORK-STUDY PROGRAM

DOCUMENT NUMBER:

PROJECT CODE: APPROPRIATION NO: O.C.C. 4110L

FEDERAL PERKINS LOAN PROGRAM

LEVEL OF EXPENDITURE:
DOCUMENT NUMBER:

FEDERAL CAPITAL CONTRIBUTION

PROJECT CODE: APPROPRIATION NO: O.C.C. 4110L

---

600 INDEPENDENCE AVE., S.W. WASHINGTON, D.C. 20202

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PAYMENTS UNDER THIS AWARD WILL BE MADE AVAILABLE THROUGH THE DEPARTMENT OF EDUCATION (ED) PAYMENT MANAGEMENT SYSTEM ADMINISTERED BY THE ED OFFICE OF MANAGEMENT AND BUDGET/CHIEF FINANCIAL OFFICER. INQUIRIES REGARDING PAYMENT SHOULD BE DIRECTED TO:

DEPARTMENT OF EDUCATION
ACCOUNTING AND FINANCIAL MANAGEMENT SERVICE
600 INDEPENDENCE AVENUE, S.W.
WASHINGTON, D.C. 20202-4331

Michele L Selvage

MICHELE L. SELVAGE, DIRECTOR

APPENDIX

ED form 646-1
OMB No 1840-0073
Expires 03/31/2002

FISCAL OPERATIONS REPORT AND APPLICATION TO PARTICIPATE (FISAP)
REPORT AWARD PERIOD JULY 1, 1998 - JUNE 30, 1999; APPLICATION: AWARD PERIOD JULY 1, 2000 - JUNE 30, 2001

PART I. IDENTIFYING INFORMATION, CERTIFICATIONS AND WARNING

SECTION A. IDENTIFYING INFORMATION

1a. NAME AND ADDRESS OF INSTITUTION

_____
_____
_____

2a. DUNS# _____

2b. SERIAL# _____ 2c. OPEID# _____

1b. MAILING ADDRESS (if different from 1a)

_____
_____
_____

3. TYPE OF INSTITUTION (SELECT ONE)
__ 3.1 PUBLIC
__ 3.2 PRIVATE/NON-PROFIT
__ 3.3 PROPRIETARY

__ A) ART
__ B) BUSINESS
__ C) COSMETOLOGY
__ D) TRADE & TECHNICAL
__ E) OTHER

4. LENGTH/TYPE OF LONGEST PROGRAM (SELECT ONE)
__ 4.1 LESS THAN 1 YEAR
__ 4.2 1 YEAR BUT LESS THAN 2 YEARS
__ 4.3 2 YEARS BUT LESS THAN 3 YEARS
__ 4.4 3 YEARS BUT LESS THAN 4 YEARS
__ 4.5 4 YEARS (NO HIGHER THAN A BACCALAUREATE DEGREE)
__ 4.6 5 YEARS OR MORE
__ 4.7 POSTBACCALAUREATE ONLY

5. ADDITIONAL LOCATIONS:
INSTITUTIONS WITH SEPARATELY ELIGIBLE ADDITIONAL LOCATIONS WHICH WILL BE FUNDED UNDER THIS APPLICATION MUST LIST THESE LOCATIONS AND THEIR ADDRESSES AND OPEID#'S ON THE SCREEN. YOU MAY NOT FILE A SEPARATE APPLICATION FOR ANY SEPARATELY ELIGIBLE INSTITUTION LISTED HEREIN.

WE HAVE ENTERED A LIST OF SEPARATELY ELIGIBLE ADDITIONAL LOCATIONS INCLUDED IN THIS APPLICATION. YES __ NO __

SECTION B. CERTIFICATIONS AND WARNING

WE CERTIFY THAT THE INFORMATION CONTAINED IN THIS FISAP IS IN COMPLIANCE WITH GOVERNING LEGISLATION AND REGULATIONS AND IS TRUE AND ACCURATE TO THE BEST OF OUR KNOWLEDGE. WE UNDERSTAND THAT THE INFORMATION IS SUBJECT TO AUDIT AND PROGRAM REVIEW BY REPRESENTATIVES OF THE SECRETARY OF EDUCATION.

* WARNING: ANY PERSON WHO KNOWINGLY PROVIDES FALSE OR *
* MISLEADING INFORMATION ON THIS FISAP WILL BE SUBJECT TO A *
* FINE OF UP TO $10,000 OR IMPRISONMENT OF UP TO 5 *
* YEARS OR BOTH UNDER PROVISIONS OF THE UNITED STATES *
* CRIMINAL CODE TITLE 18 SECTION 1001. *

6 CHIEF EXECUTIVE OFFICER (PRESIDENT, CHANCELLOR, OWNER, ETC.)

SIGNATURE _____
TYPED NAME _____
DATE SIGNED _____
TELEPHONE NO (__) ___-____
FAX PHONE NO (__) ___-____

7 FINANCIAL AID ADMINISTRATOR

SIGNATURE _____
TYPED NAME _____
E-MAIL ADDRESS _____
DATE SIGNED _____
TELEPHONE NO (__) ___-____
FAX PHONE NO (__) ___-____

8. CHIEF FISCAL OFFICER

SIGNATURE _____
TYPED NAME _____
DATE SIGNED _____
TELEPHONE NO (__) ___-____
FAX PHONE NO (__) ___-____

9. NAME & ADDRESS OF PRIVATE FINANCIAL AID CONSULTANT FIRM
NAME _____
ADDRESS 1 _____
ADDRESS 2 _____
CITY: _____ STATE: ___ Zip: __ ____

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ED form 646-1
OMB No 1840-0073
Expires 03/31/2002

APPLICATION, PART II
NAME OF INSTITUTION _____ DUNS# _____
STATE: __

PART II. APPLICATION TO PARTICIPATE FOR AWARD YEAR JULY 1, 2000 THROUGH JUNE 30, 2001

SECTION A. REQUEST FOR FUNDS FOR THE 2000-2001 AWARD YEAR

1. FEDERAL PERKINS LOAN LEVEL OF EXPENDITURES $ _____

2. FEDERAL PERKINS LOAN FEDERAL CAPITAL CONTRIBUTION $ _____

3. FSEOG FEDERAL FUNDS $ _____

4. FWS FEDERAL FUNDS $ _____

SECTION B. RESERVED FOR FUTURE USE

5. RESERVED FOR FUTURE USE

SECTION C. FWS AND/OR FSEOG INSTITUTIONAL SHARE WAIVER REQUEST

(APPLIES ONLY TO CERTAIN INSTITUTIONS; SEE INSTRUCTIONS)

6. MY INSTITUTION WISHES TO APPLY FOR A WAIVER BECAUSE OUR INSTITUTION IS DESIGNATED AS ELIGIBLE FOR TITLE III.

6.1 FWS __ YES __ NO

6.2 FSEOG __ YES __ NO

SECTION D. FEDERAL PERKINS LOAN PROGRAM LIQUIDATION REQUEST

(APPLIES ONLY TO CERTAIN INSTITUTIONS; SEE INSTRUCTIONS)

7. MY INSTITUTION WISHES TO DISCONTINUE PARTICIPATION IN THE FEDERAL PERKINS LOAN PROGRAM.

__ YES __ NO

SECTION E: WAIVER REQUEST FOR THE UNDER USE OF FUNDS

MY INSTITUTION HAS RETURNED MORE THAN 10 PERCENT OF ITS FEDERAL PERKINS LOAN, FSEOG, OR FWS ALLOCATION FOR THE 1998-1999 AWARD YEAR.

8. MY INSTITUTION WISHES TO APPLY FOR A WAIVER OF THE PENALTY FOR THE UNDER USE OF FUNDS AND HAS PROVIDED A WRITTEN EXPLANATION OF THE CIRCUMSTANCES ON THE ADDITIONAL INFORMATION SCREEN.

__ YES __ NO

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OMB No 1840-0073
Expires 03/31/2002

APPLICATION, PART II
NAME OF INSTITUTION: _____ OPEID _____
STATE: __

SECTION F. INFORMATION ON ENROLLMENT

9. MY INSTITUTION HAS A TRADITIONAL CALENDAR ___YES ___ NO

INSTITUTIONS WITH A TRADITIONAL CALENDAR THAT HAD 1998-1999 ENROLLMENT, FILL IN FIELD 10

	(A) UNDERGRADUATE	(B) GRADUATE/PROFESSIONAL
10. TOTAL NUMBER OF STUDENTS, 1998-1999	_____	_____

INSTITUTIONS THAT DID NOT HAVE 1998-1999 ENROLLMENT, FILL IN FIELDS 11 AND 12

	(A) UNDERGRADUATE	(B) GRADUATE/PROFESSIONAL
11. ESTIMATED NUMBER OF STUDENTS, 1999-2000	_____	_____
12. PROJECTED NUMBER OF STUDENTS, 2000-2001	_____	_____

INSTITUTIONS WITH A NON-TRADITIONAL CALENDAR THAT HAD 1998-1999 ENROLLMENT, FILL IN FIELDS 13 THROUGH 25

	(A) CONTINUING STUDENTS	(B) NEW STARTS
13. JULY 1 ,1998	_____	_____
14. AUGUST 1	_____	_____
15. SEPTEMBER 1	_____	_____
16. OCTOBER 1	_____	_____
17. NOVEMBER 1	_____	_____
18. DECEMBER 1	_____	_____
19. JANUARY 1 ,1999	_____	_____
20. FEBRUARY 1	_____	_____
21. MARCH 1	_____	_____
22. APRIL 1	_____	_____
23. MAY 1	_____	_____
24. JUNE 1, 1999	_____	_____
25. TOTAL	_____	_____

SECTION G. ASSESSMENTS AND EXPENDITURES

	(A) UNDERGRADUATE	(B) GRADUATE/PROFESSIONAL
26. TOTAL TUITION AND FEES FOR THE AWARD YEAR JULY 1, 1998 - JUNE 30, 1999	$ _____	
27. TOTAL FEDERAL PELL GRANT EXPENDITURES FOR THE 1998-1999 AWARD YEAR	$ _____	
28. TOTAL EXPENDED FOR STATE GRANTS AND SCHOLARSHIPS MADE TO UNDERGRADUATES FOR THE AWARD YEAR JULY 1, 1998 TO JUNE 30 , 1999	$ _____	$ _____

SECTION H. INFORMATION ON ELIGIBLE AID APPLICANTS FOR AWARD YEAR 1998-1999

	DEPENDENT (A) WITHOUT 1ST PROFESSIONAL	(B) UNDERGRADUATE/ BACCALAUREATE WITH DEGREE	(C) LESS THAN FULL TIME	INDEPENDENT (D) UNDERGRADUATE/ BACCALAUREATE WITHOUT 1ST PROFESSIONAL	(E) WITH DEGREE	(F) GRADUATE/ PROFESSIONAL
29. STUDENTS WITH AN "AUTOMATIC" ZERO EFC	_____	_____	_____	_____	_____	_____

TAXABLE & UNTAXED INCOME

30.	$ 0 - $ 2,999	_____	_____	_____	$ 0 - $ 999	_____	_____	_____
31.	$ 3,000 - $ 5,999	_____	_____	_____	$ 1,000 - $ 1,999	_____	_____	_____
32.	$ 6,000 - $ 8,999	_____	_____	_____	$ 2,000 - $ 2,999	_____	_____	_____
33.	$ 9,000 - $11,999	_____	_____	_____	$ 3,000 - $ 3,999	_____	_____	_____
34.	$12,000 - $14,999	_____	_____	_____	$ 4,000 - $ 4,999	_____	_____	_____
35.	$15,000 - $17,999	_____	_____	_____	$ 5,000 - $ 5,999	_____	_____	_____
36.	$18,000 - $23,999	_____	_____	_____	$ 6,000 - $ 7,999	_____	_____	_____
37.	$24,000 - $29,999	_____	_____	_____	$ 8,000 - $ 9,999	_____	_____	_____
38.	$30,000 - $35,999	_____	_____	_____	$10,000 - $11,999	_____	_____	_____
39.	$36,000 - $41,999	_____	_____	_____	$12,000 - $13,999	_____	_____	_____
40.	$42,000 - $47,999	_____	_____	_____	$14,000 - $15,999	_____	_____	_____
41.	$48,000 - $53,999	_____	_____	_____	$16,000 - $17,999	_____	_____	_____
42.	$54,000 - $59,999	_____	_____	_____	$18,000 - $19,999	_____	_____	_____
43.	$60,000 & OVER	_____	_____	_____	$20,000 & OVER	_____	_____	_____
44.	TOTAL	_____	_____	_____	TOTAL	_____	_____	_____

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3 Grant Administration and Payment System (GAPS)

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OBJECTIVES

By the end of this session, you will be able to:

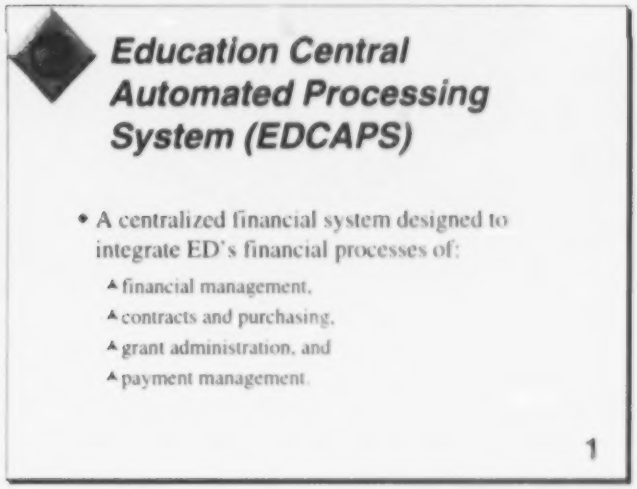
- explain the purpose of GAPS,
- project your cash needs,
- explain the cash management implications of requesting and drawing down funds, and
- request funds and adjust drawdowns using GAPS.

RESOURCES

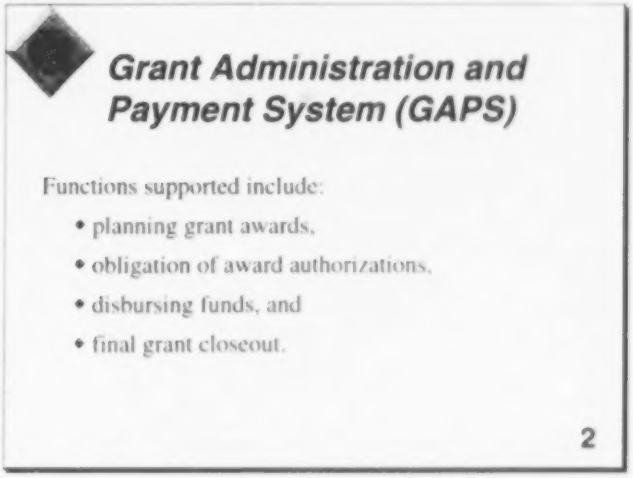
- *U.S. Department of Education Payee Guide for the Grant Administration and Payment System (GAPS)*: Outlines procedures for drawing down and managing ED funds and how to navigate through GAPS.
- Access GAPS at:
  http://gapsweb.ed.gov

  This Web site is updated regularly and houses the latest information on GAPS and any new procedures.
- *Student Financial Aid Handbook*
- Federal Regulations 34 CFR 668.162 and 34 CFR 668.166
- *Direct Loan School Guide*

A. GRANT ADMINISTRATION AND PAYMENT SYSTEM (GAPS) OVERVIEW


Education Central Automated Processing System (EDCAPS)
• A centralized financial system designed to integrate ED's financial processes of:
▲ financial management,
▲ contracts and purchasing,
▲ grant administration, and
▲ payment management.
1

- GAPS provides full financial management support services for the grant cycle in a single system.



Notes

Grant Administration and Payment System (cont'd)

Used to request funds for:

- Federal Pell Grant Program,
- Campus-Based Programs (FSEOG, FWS, and Perkins), and
- Federal Direct Loan Program (Option 2 schools only).

3

Grant Administration and Payment System (cont'd)

- **Grantee:** Entity that applies for and receives grant or loan award from ED
- **Payee:** Entity identified by grantee to request and manage ED funds on behalf of grantee

Note: The grantee and the payee may be the same entity or different entities.

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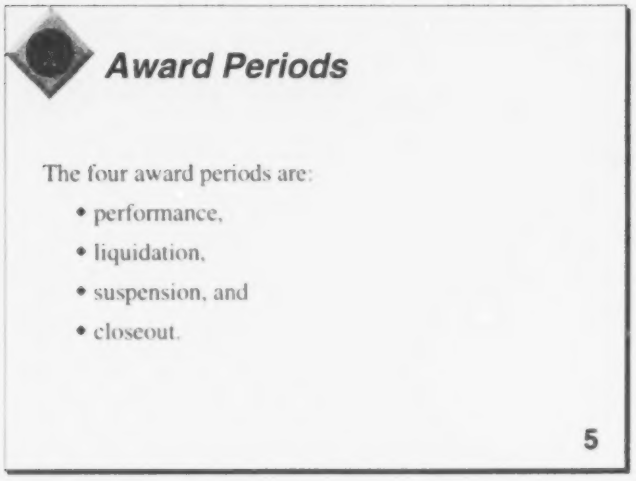
Notes

1. Award Periods



- Performance period is the time schools can request payments, modify payments, and adjust drawdowns for expenditures incurred on the award. However, for the Federal Perkins Loan Program there is an exception: Schools may draw down Federal Perkins Loan funds no later than June 30 of the award year of their authorization.
- During liquidation period, schools may request payment and adjust drawdowns for expenditures incurred during performance period.
- No payment actions can take place during suspension period.
- During closeout any remaining funds are deobligated.
- *The Blue Book*, Section 4.4, page 4-9, contains an example of a program award that illustrates the length of the performance, liquidation, suspension, and closeout periods for Title IV aid purposes.

Notes

B. OVERVIEW OF REQUESTING FUNDS

Overview of Cash Management

Schools must establish and maintain a financial management system that:

- promotes sound cash management of Title IV funds,
- minimizes financing cost to government, and
- minimizes cost for students.

6

Overview of Cash Management (cont'd)

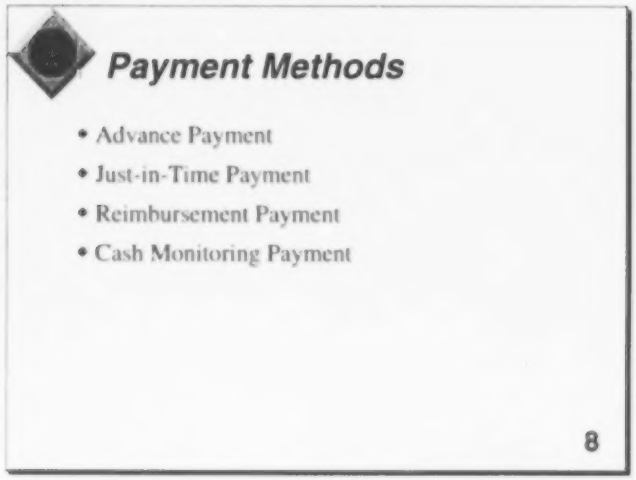
Schools should establish standards and practices to ensure that:

- requests for funds take into account available funds balance,
- cash balance covers only immediate need,
- drawdowns and disbursements of funds are tracked, and
- school does not spend more funds than authorized.

7

Notes

1. Payment Methods



- On page 8 of this Guide is a chart with further details on the four methods below.

a. Advance Payment

- Schools make drawdown requests and receive Title IV funds from ED before paying students.
- Question-and-Answer: How quickly must a school disburse funds once it receives them from ED?
- Additional details on the advance payment method are found in *The Blue Book*, Section 4.4, page 4-11.

b. Just-in-Time Payment

- Available as a pilot for the 1999-2000 academic year in the Federal Pell Grant Program.

c. Reimbursement Payment

- ED may place a school on reimbursement.

d. Cash Monitoring Payment

- ED may place a school on cash monitoring.
- On page 9 of this Guide you will find a quiz on the methods for requesting Title IV funds. Please take a few minutes to complete this quiz.

Notes

Methods for Requesting Title IV Funds

Advance Payment

Allows schools to receive funds from ED before making disbursements.

- School submits request for funds to ED.
- Request for funds cannot exceed amount of funds that the school needs for immediate disbursements to eligible students ("immediate need") and is limited by appropriate authorization levels.
- On ED's approval, ED generates an electronic funds transfer (EFT) for the amount requested into a bank account designated by the school.
- School must disburse funds no later than 3 business days following the date it receives those funds, with the exception of those funds that fall into excess cash tolerances.
- School may pay its students with school funds before receiving funds from ED.

Just-in-Time Payment

Provides payment to schools immediately on the basis of student data provided to ED by school.

- Available for the first time in 1999-2000 award year as a pilot project in the Federal Pell Grant program.
- School will electronically transmit to ED each eligible applicant's program award record with the date and amount of disbursement that the school will make or has made for an applicant.
- On ED's approval, ED generates an EFT on or before disbursement date reported by school.
- When school receives funds for each record approved by ED, school may disburse those funds on the basis of its student eligibility determination at the time the school transmitted eligible applicant's record to ED.
- If, after school requests those funds, an applicant subsequently becomes ineligible for funds received by the school, the school must report the adjustment of a previously accepted record to ED within 30 days of the date that the school becomes aware of the change.
- The school can then use the funds for another student, but the school must report the transaction to RFMS within 30 days. The school must process a negative disbursement for the ineligible student and an offsetting positive disbursement for the student receiving the funds.

Reimbursement Payment

Schools are reimbursed by ED for disbursements already made to eligible students and parents.

- Generally, ED places a school on the reimbursement payment method if it determines there is a need to strictly monitor a school's participation in Title IV aid programs.
- School must first credit the account or make cash disbursements of its own funds to eligible applicants before the ED regional office that serves the State of the school submits a cash request for the institution. The request covers Federal Pell Grant, campus-based, or Direct Loan funds (if Option 2 school).
- School must identify students for whom reimbursement is sought and submit documentation that shows each applicant included in request was eligible to receive and was disbursed Title IV funds.
- Once ED ascertains that the school accurately determined applicant's eligibility for Title IV funds and also submitted appropriate documentation of applicant's eligibility and receipt of Title IV funds, the ED regional office approves the request for reimbursement and submits the request to GAPS.

Cash Monitoring Payment

Schools must first make disbursements to eligible students and parents before ED will submit a request for payment from ED.

- Funds are provided through either the advance payment or reimbursement payment method.
- With advance payment, the request for funds may not exceed the amount of the actual disbursements by the school.
- Under reimbursement payment method, the documentation requirements and review procedures used by ED to approve the reimbursement request may be modified by ED.
- Once ED approves the school's request, ED submits the request to GAPS.

Test Yourself
Quiz 1

Methods for Requesting Title IV Funds

Check all boxes that apply.

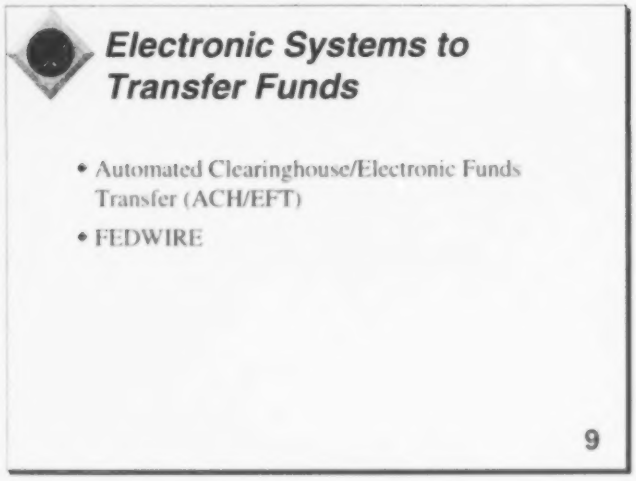
1. Under the **advance payment method**, a school:
   - ☐ A. Must not pay its students before receiving funds from ED.
   - ☐ B. Can draw down FFEL funds.
   - ☐ C. Must only request funds for its immediate need.
   - ☐ D. Must be a participant in the Federal Pell Grant Program.

2. Under the **advance payment method**, schools must disburse funds:
   - ☐ A. In three equal installments.
   - ☐ B. No later than three business days following the date the school receives the funds.
   - ☐ C. After the GAPS account representative contacts the financial aid administrator at the school and approves the disbursement.
   - ☐ D. No later than one business day following the date the school receives the funds.

3. If a school is under the **reimbursement payment method**, the school:
   - ☐ A. Must wait until the end of the academic year to request funds from ED.
   - ☐ B. Is considered to have made a disbursement if it has paid the eligible applicant directly or credited the student's account with its own funds before the ED regional office submits a request for cash.
   - ☐ C. Has the option of choosing this method to receive payment of Title IV funds.
   - ☐ D. Must identify students for whom reimbursement is sought and submit documentation showing that each student included in the request was eligible to receive and was disbursed Title IV funds.

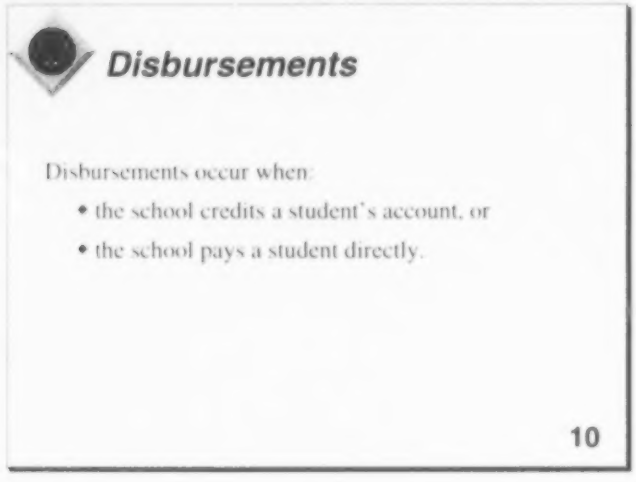
4. Under the **just-in-time payment method**, a school:
   - ☐ A. Is provided payment immediately on the basis of student data provided to ED.
   - ☐ B. Will send ED a paper record of each eligible applicant's program award with the date and amount of disbursement.
   - ☐ C. Must first make disbursement of Title IV funds before submitting a request for cash.
   - ☐ D. Must be a participant in one of the campus-based programs.

2. Projecting Cash Needs



- These systems are described in more detail on page 4-10 of *The Blue Book* and in the *GAPS Payee Guide*.

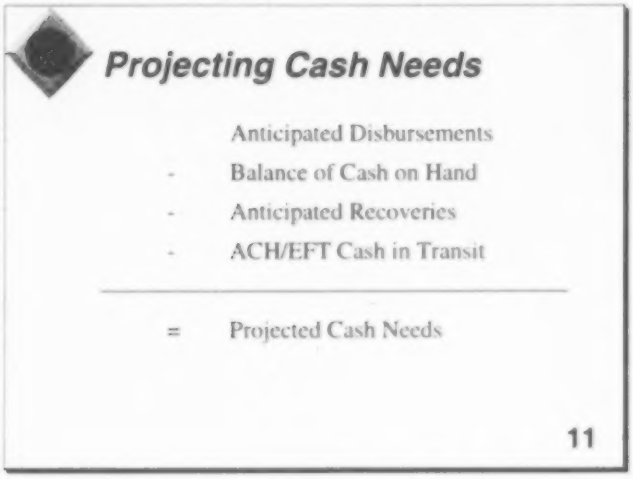
a. Planning When to Draw Down Cash


Disbursements
Disbursements occur when:
• the school credits a student's account, or
• the school pays a student directly.
10

Notes

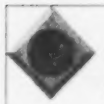
Notes

Program	AMOUNT OF CASH MUST BE ENOUGH TO MEET...
Federal Pell Grant	disbursements.
FSEOG and Federal Perkins Loan	federal share of disbursements and administrative cost allowance (ACA).
FWS	federal share of payroll disbursements.
Federal Direct Loan	disbursements (request may not be combined with cash requests for other Title IV program funds).



b. Immediate Need and Excess Cash

- In general, a school's request for funds should not exceed its immediate need.

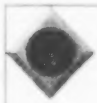


Immediate Need and Excess Cash

- Immediate need is the amount of Title IV program funds a school needs to disburse **within three business days** following the date the school receives the funds.
- Excess cash is the amount of Title IV Program funds, except FFEL or Federal Perkins, not disbursed by the end of the third business day after the school receives the funds.

12

C. USING GAPS TO REQUEST FUNDS



Accessing GAPS and GAPS Training

GAPS is accessed through the Web site:

- http://gapsweb.ed.gov

To practice using GAPS:

- Access the Web site and click on "training" on the left side of the screen.
- Enter "GAPSUSER" for the I.D. and "TRAINING" for the password.

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- To log on to GAPS, the user must enter an I.D. and password. For first-time users, the Web site has information on how to obtain an I.D. and password. Please note that all temporary I.D.s and passwords will be disabled as of July 31, 1999. To obtain a permanent user I.D. and password, a school completes the External Access Form. The form can be downloaded from the GAPS Web site and faxed to: (202) 401-0006.

Notes

Requesting Funds by Phone

To request funds by phone, call the GAPS Payee Hotline at:

- 1-888-336-8930 between 8 a.m. and 8 p.m. (ET).

FEDWIRE requests made after 2 p.m. are deposited the next business day.

ACH/EFT requests made by 3 p.m. will be deposited the first business day after the request. Requests made after 3 p.m. will be deposited the second business day.

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- Payees use GAPS to make payment requests, adjust drawdown amounts, and review payment histories.
- The chart on the next page summarizes the different GAPS external access screens.
- To demonstrate how to use GAPS, we will "walk through" a case study of State University and follow the school as it requests payments for several Title IV programs. You can follow these activities through the screen simulations that begin on page 15 of this Guide.

Notes

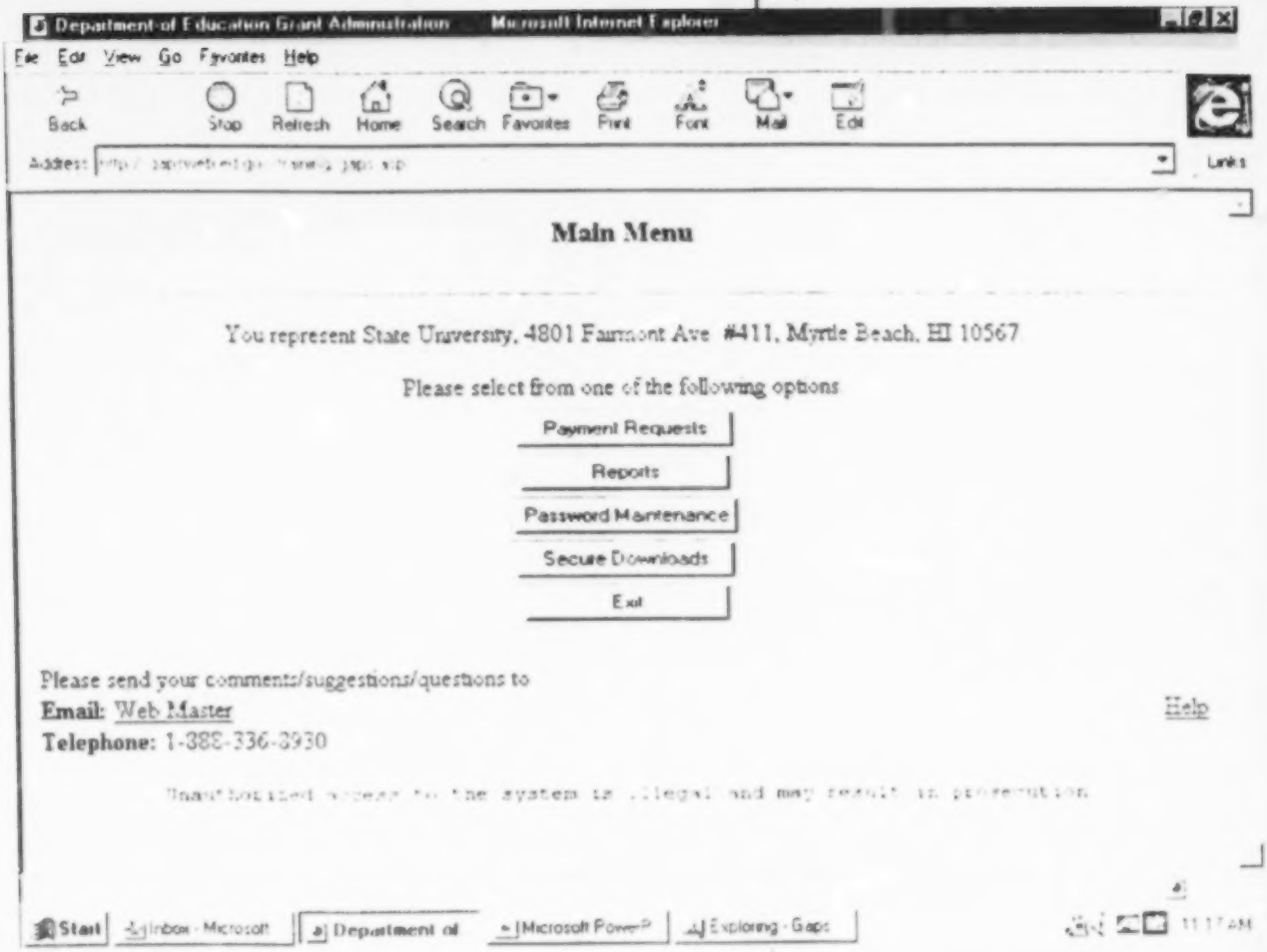
External Access Screens for GAPS

GAPS Screen	Description
Home Page	The Home Page Main Menu provides users with a number of links, including a link to the Logon screen.
Logon	A user (payee) first logs on to GAPS using the Logon screen. The user enters a user ID and a password.
Main Menu	After logging on, the user sees the GAPS Main Menu screen, where he/she can select one of the following submenus: Payment Requests, Reports, Secure Download, or Password Maintenance. The user may also exit at this time.
Payment Requests	When the user clicks on the "Payment Requests" button on the GAPS Main Menu screen, GAPS displays the Payment Requests screen. On this screen, the user is able to select from one of the following functions: • Create Payment Requests—allows user to create new payment requests • Modify Payment Requests—allows user to modify or cancel payment requests • View Payment Requests—allows user to view all completed and pending payment requests • Adjust Drawdown Amounts—allows user to adjust drawdown amounts between awards (that is, after the funds were deposited in a bank account), as long as the net is zero • View Authorization History—allows user to view all authorization changes made to school's awards • Create Direct Loan Payment Requests—allows user to create new payment requests for Direct Loan funds • Modify Direct Loan Payment Requests—allows user to modify or cancel Direct Loan payment requests • Adjust Direct Loan Drawdown Amounts—allows user to adjust Direct Loan drawdown amounts, as long as the net is zero • Return to Main Menu—allows user to exit the Payment Requests screen and return to the GAPS Main Menu • Exit—allows user to exit GAPS Once the user selects one of the above functions (buttons), he/she uses a series of different screens to carry out the desired task.
Reports	When the user clicks on the "Reports" button on the GAPS Main Menu, GAPS displays the Reports screen. In this screen, the user is able to select the Activity Report. The Activity Report contains a payee's summary and detail level drawdown activity and authorization changes.
Password Maintenance	When the user clicks on the "Password Maintenance" button in the GAPS Main Menu screen, GAPS displays the Password Maintenance screen. In this screen, the user is able to change his/her password used to log on to GAPS.

1. GAPS Main Menu

Notes

Figure 1: Main Menu



- Functions available through main menu:
  - payment requests
  - reports
  - password maintenance
  - secure downloads
  - exit
- Two help functions available:
  - use the Web Master hyperlink to send an email to Customer Service and
  - use the HELP hyperlink to access corresponding section of *GAPS Payee Guide*.

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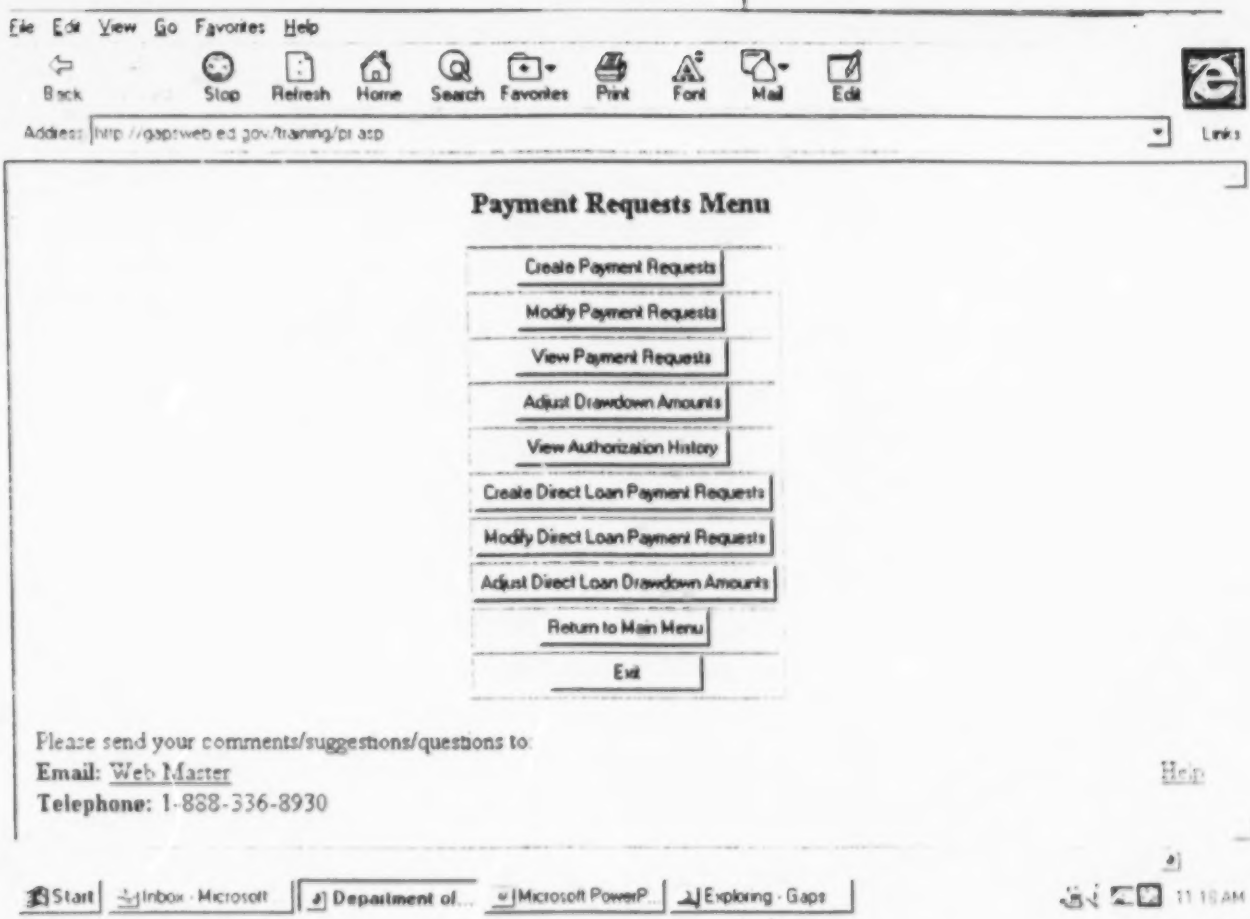
2. Payment Requests Menu

Notes

Figure 2: Payment Requests Menu



- This menu is used to access the screens used to:
  - create, modify, and view payment requests;
  - adjust drawdown amounts;
  - view authorization history;
  - create and modify Direct Loan payment requests; and
  - adjust Direct Loan drawdown amounts.

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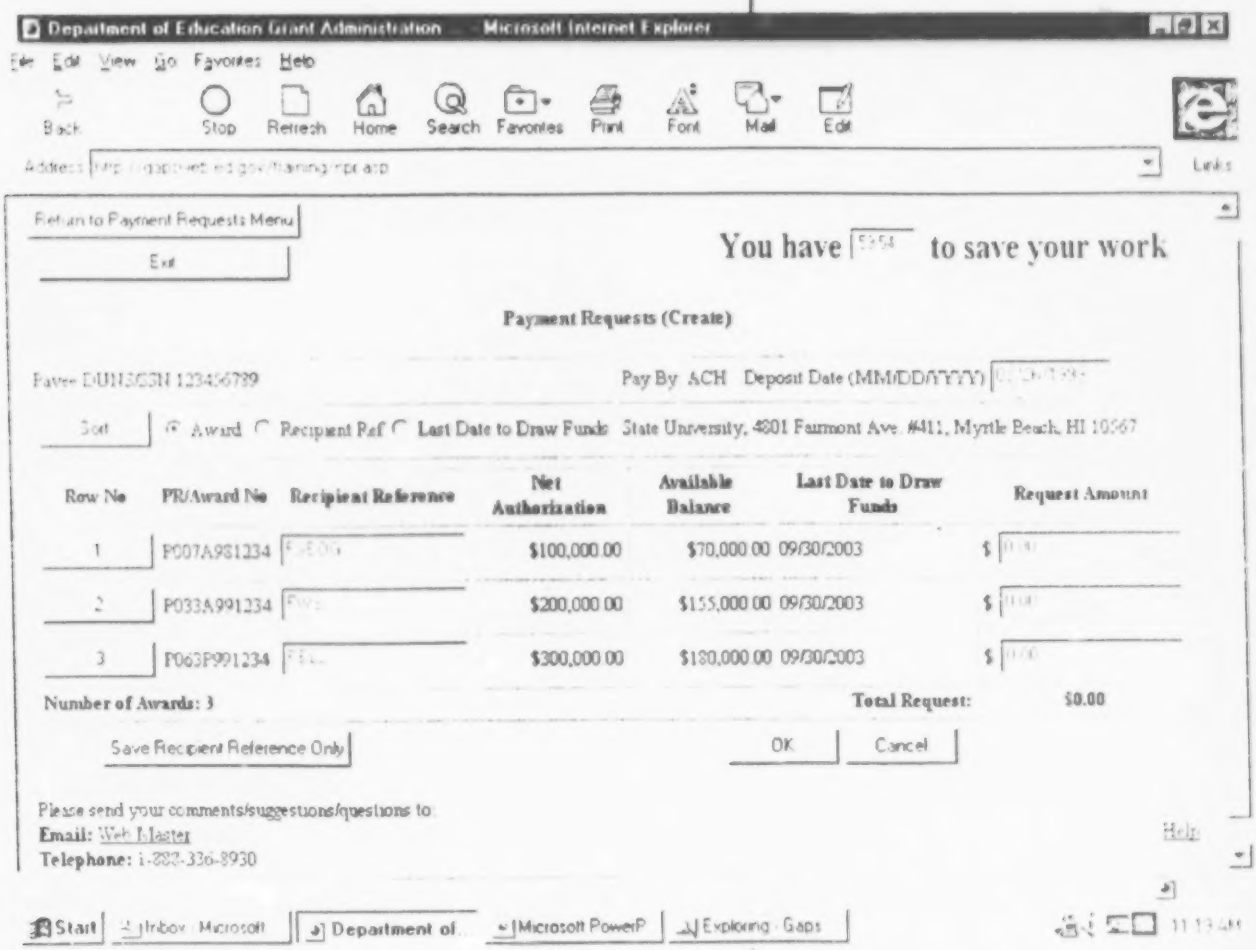
3. Create Payment Requests

Notes

Figure 3: Payment Requests (Create)



- This screen displays:
  - a complete list of all awards,
  - their authorizations,
  - available balances, and
  - the last date to draw funds.

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- The three fields in which data can be entered are explained in the following chart.

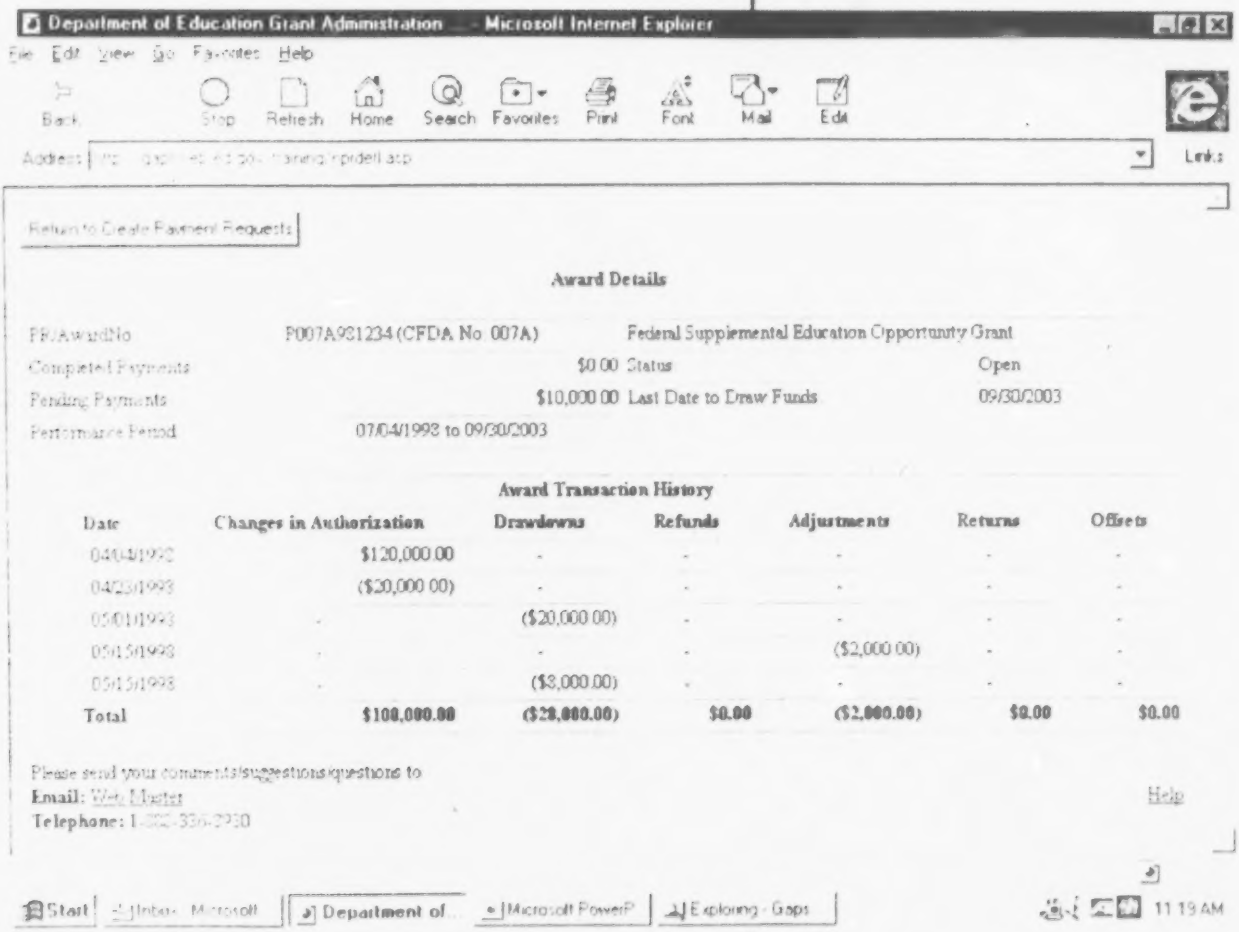
Notes

Field	Description
Deposit Date	Displays the default deposit date for the payment method shown in the Pay By field. User can select a deposit date up to 30 days into the future. The date entered must be later than the default date displayed. The date is also the earliest date that the school can request from the awards listed.
Recipient Reference	The recipient reference is a payee-assigned name for each award. (This is an optional field.)
Request Amount	Enter the amount of funds requested for each award.

- Key features of the screen include:
  - sorting the awards by award number, recipient reference, or last date to draw funds and
  - retrieving detailed award information.

Figure 4: Award Details

Notes


Department of Education Grant Administration - Microsoft Internet Explorer
File Edit View Go Favorites Help
Back Stop Refresh Home Search Favorites Print Font Mail Edit
Address
Links
Return to Create Payment Requests
Award Details
PR/Award No P007A981234 (CFDA No 007A) Federal Supplemental Education Opportunity Grant
Completed Payments $0.00 Status Open
Pending Payments $10,000.00 Last Date to Draw Funds 09/30/2003
Performance Period 07/04/1998 to 09/30/2003
Award Transaction History
Date Changes in Authorization Drawdowns Refunds Adjustments Returns Offsets
04/04/1998 $120,000.00 - - - - -
04/23/1998 ($20,000.00) - - - - -
05/01/1998 - ($20,000.00) - - - -
05/15/1998 - - - ($2,000.00) - -
05/15/1998 - ($8,000.00) - - - -
Total $100,000.00 ($28,000.00) $0.00 ($2,000.00) $0.00 $0.00
Please send your comments/suggestions/questions to
Email: Web Master
Telephone: 1-800-330-2930
Help
Start Inbox - Microsoft Department of... Microsoft PowerP Exploring - Gaps
11:19 AM

- This screen provides detailed information about the selected award.
- To return to the Payment Requests (Create) screen, click on the "Return to Create Payment Requests" button. Payment for awards is requested by entering the requested amount.

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Figure 5: Payment Requests (Create) - Confirmation

Notes

Department of Education Grant Administration Microsoft Internet Explorer
File Edit View Go Favorites Help
Back Stop Refresh Home Search Favorites Print Font Mail Edit
Address http://gapsweb.ed.gov/training/npr.asp
Links
Payment Requests (Create) - Confirmation
Payee DUNS/SSN 123456789 Pay By ACH Deposit Date (MM/DD/YYYY) 03/26/1999
Sort Order Award State University, 4801 Fairmont Ave. #411, Myrtle Beach, HI 10567
PR/Award No Recipient Reference Net Authorization Available Balance Last Date to Draw Funds Request Amount
P007A981234 FSEOG $100,000.00 $65,000.00 09/30/2003 $5,000.00
P033A991234 FWS $200,000.00 $150,000.00 09/30/2003 $5,000.00
P063P991234 PELL $300,000.00 $175,000.00 09/30/2003 $5,000.00
Number of Awards: 3 Total Request: $15,000.00
I certify, by processing this payment request and/or re-allocation, that the funds are being expended within three business days of receipt for the purpose and condition of the grant or agreement.
Are you sure you want to submit the request?
Yes No
Please send your comments/suggestions/questions to
Email: Web Master
Telephone: 1-888-336-8930
Help
Start Inbox - Microsoft Department of... Microsoft PowerP Exploring - Gaps
11:21 AM

- This screen is displayed once the payment request is submitted.
- This screen:
  - summarizes the payment request,
  - calculates the total amount requested, and
  - asks for confirmation of the request.

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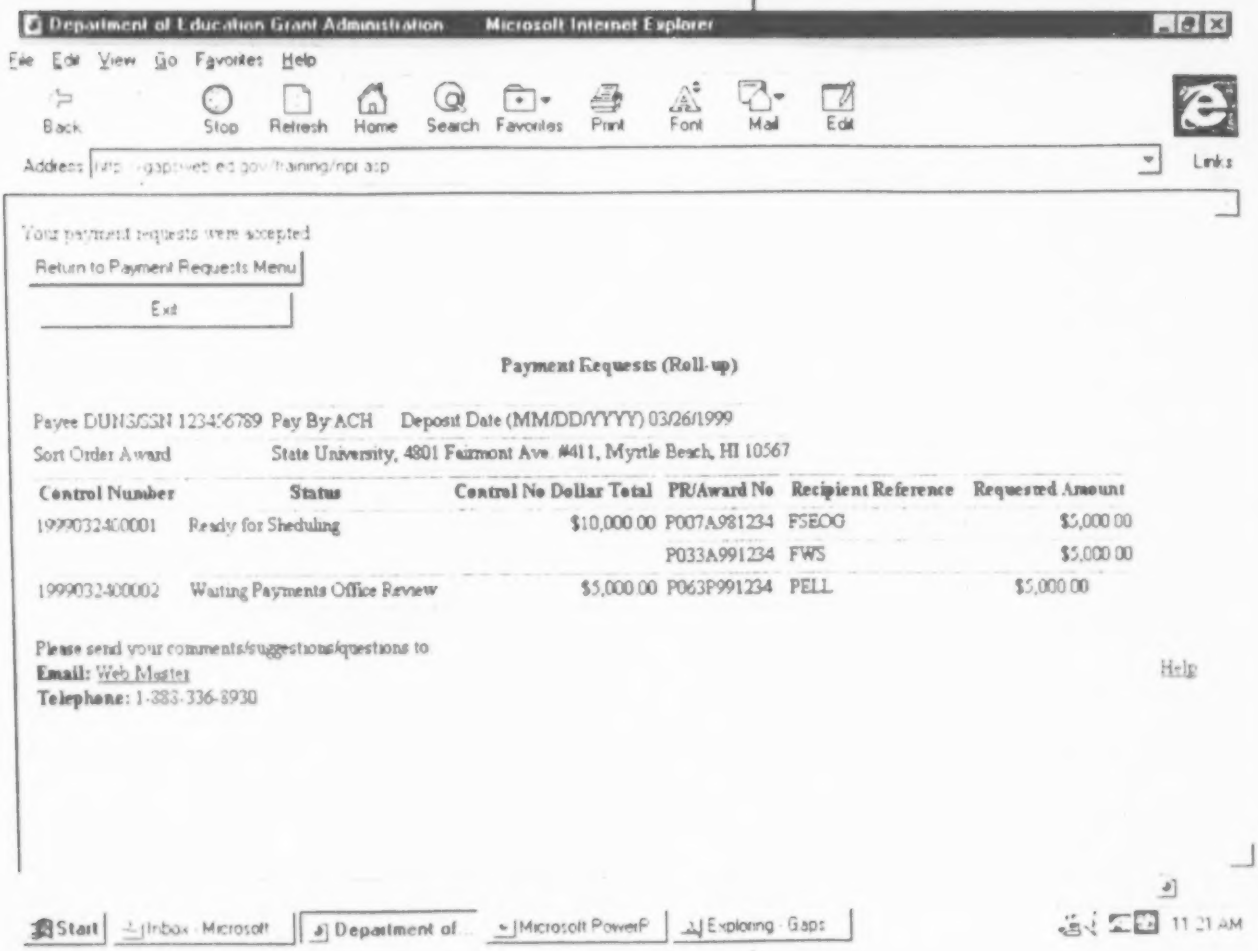
Figure 6: Payment Requests (Roll-up)

Notes


Department of Education Grant Administration Microsoft Internet Explorer
File Edit View Go Favorites Help
Back Stop Refresh Home Search Favorites Print Font Mail Edit
Address
Links
Your payment requests were accepted
Return to Payment Requests Menu
Exit
Payment Requests (Roll-up)
Payee DUNS/SSN 123456789 Pay By ACH Deposit Date (MM/DD/YYYY) 03/26/1999
Sort Order Award State University, 4801 Fairmont Ave #411, Myrtle Beach, HI 10567
Control Number Status Control No Dollar Total PR/Award No Recipient Reference Requested Amount
1999032400001 Ready for Sheduling $10,000 00 P007A981234 FSEOG $5,000 00
P033A991234 FWS $5,000 00
1999032400002 Waiting Payments Office Review $5,000 00 P063P991234 PELL $5,000 00
Please send your comments/suggestions/questions to
Email: Web Master
Telephone: 1-888-336-8930
Help
Start
Inbox - Microsoft
Department of...
Microsoft PowerP
Exploring - Gaps
11:21 AM

- This screen:
  - confirms that payment request has been accepted,
  - provides a control number for payment request, and
  - provides the status of the payment request roll-up.

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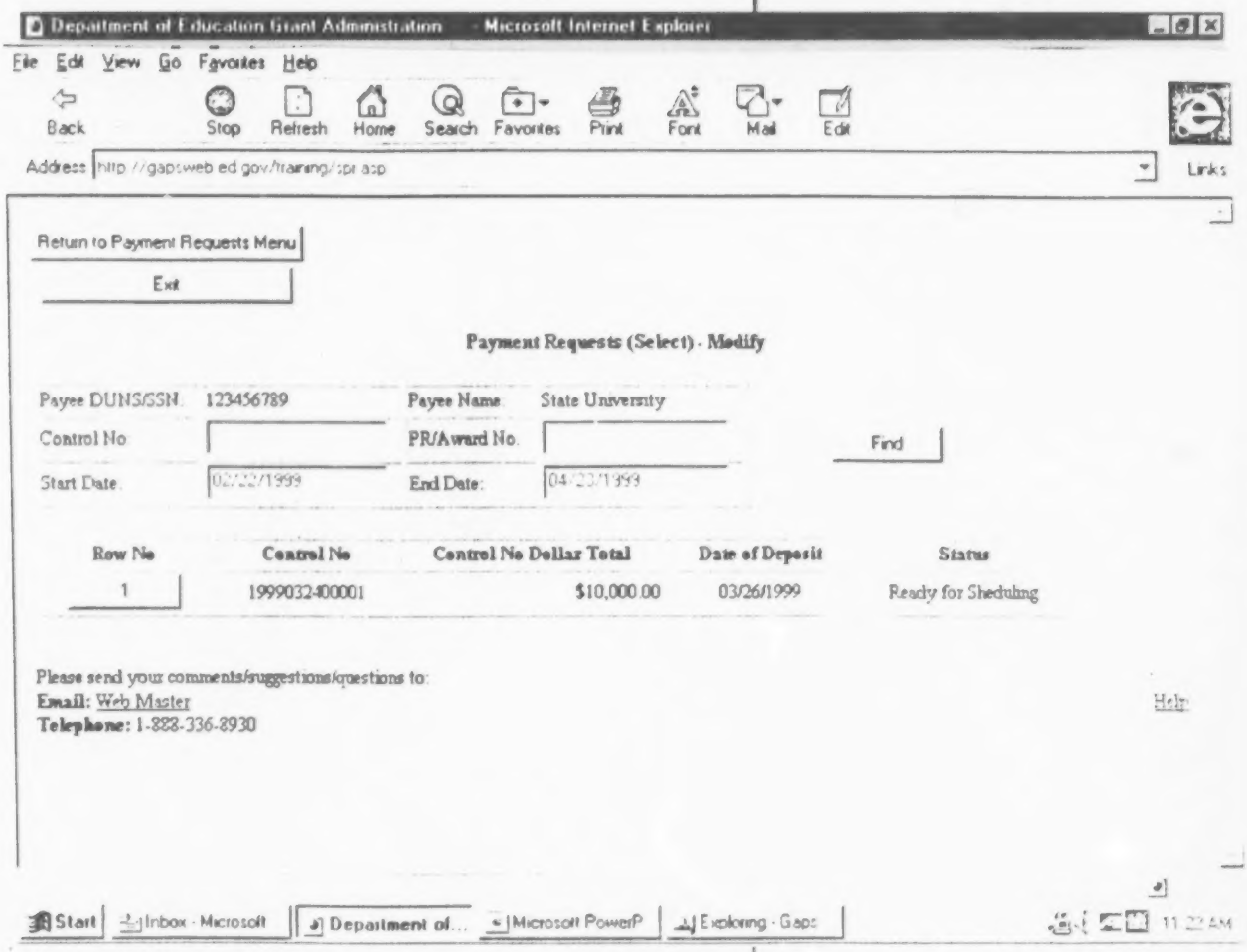
Control Number Status Descriptions

Status	Description
Ready for Scheduling	The payment requests rolled-up in this Control Number are accepted for payment as requested.
Waiting Program Office Review	The payment request on this Control Number is against a grantee award that is "flagged" for Program Office review. The payment request will be routed to the Program Office for review prior to approval. Contact GAPS Payee Hotline for assistance.
Waiting Payments Office Review	The payment request on this Control Number is against an award that is "flagged" for payment request review. The payment request will be routed to the Payment Office for review prior to approval. Contact GAPS Payee Hotline for assistance.
Waiting A/R Offset Determination	The payment request on this Control Number is against an award for which there are manual offsets. The payment request will be routed to the Accounts Receivable Office for review prior to approval.

4. Modify Payment Requests

Figure 7: Payment Requests (Select) - Modify



- This screen displays all payment requests with a status of "Ready for Scheduling."
- To locate a payment request to be modified, the list can be searched using:
  - a start date and end date,
  - a control number, or
  - an award number.

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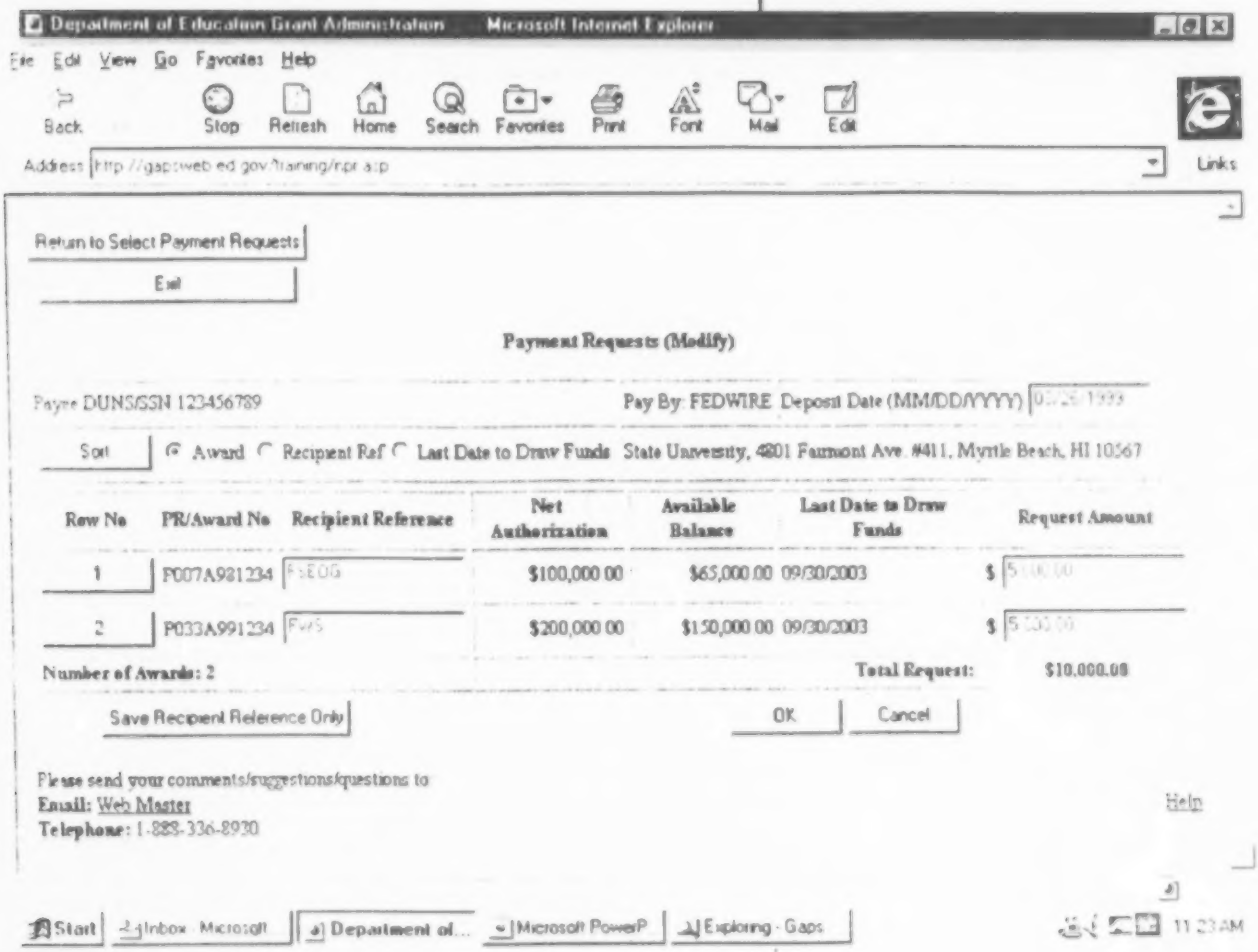
Figure 8: Payment Requests (Modify)

Notes



- On this screen, the following can be modified:
  - the date of deposit,
  - recipient reference, and/or
  - payment request amount.

90

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Figure 9: Payment Requests (Modify) - Confirmation

Notes

Department of Education Grant Administration - Microsoft Internet Explorer
File Edit View Go Favorites Help
Back Stop Refresh Home Search Favorites Print Font Mail Edit
Address
Links
Payment Requests (Modify) - Confirmation
Payee DUNS/SSN 123456789 Pay By FEDWIRE Deposit Date (MM/DD/YYYY) 03/26/1999
Sort Order Award State University, 4801 Fairmont Ave #411, Myrtle Beach, HI 10567
PR/Award No Recipient Reference Net Authorization Available Balance Last Date to Draw Funds Request Amount
P007A981234 FSEOG $100,000.00 $64,000.00 09/30/2003 $6,000.00
P033A991234 FWS $200,000.00 $148,000.00 09/30/2003 $7,000.00
Number of Awards: 2 Total Request: $13,000.00
Warning: Your chosen method of transmission, FEDWIRE, is faster than ACH, but may have a transfer fee.
Warning: All payment requests with zero dollar amounts will be canceled.
I certify, by processing this payment request and/or re-allocation, that the funds are being expended within three business days of receipt for the purpose and condition of the grant or agreement.
Are you sure you want to submit the request?
Yes No
Please send your comments/suggestions/questions to:
Email: Web Master
Telephone: 1-888-336-8930
Help
Start Inbox - Microsoft Department of... Microsoft PowerP Exploring - Gaps

- This screen:
  - summarizes the modified payment request,
  - calculates the total amount requested, and
  - asks for confirmation of the request.

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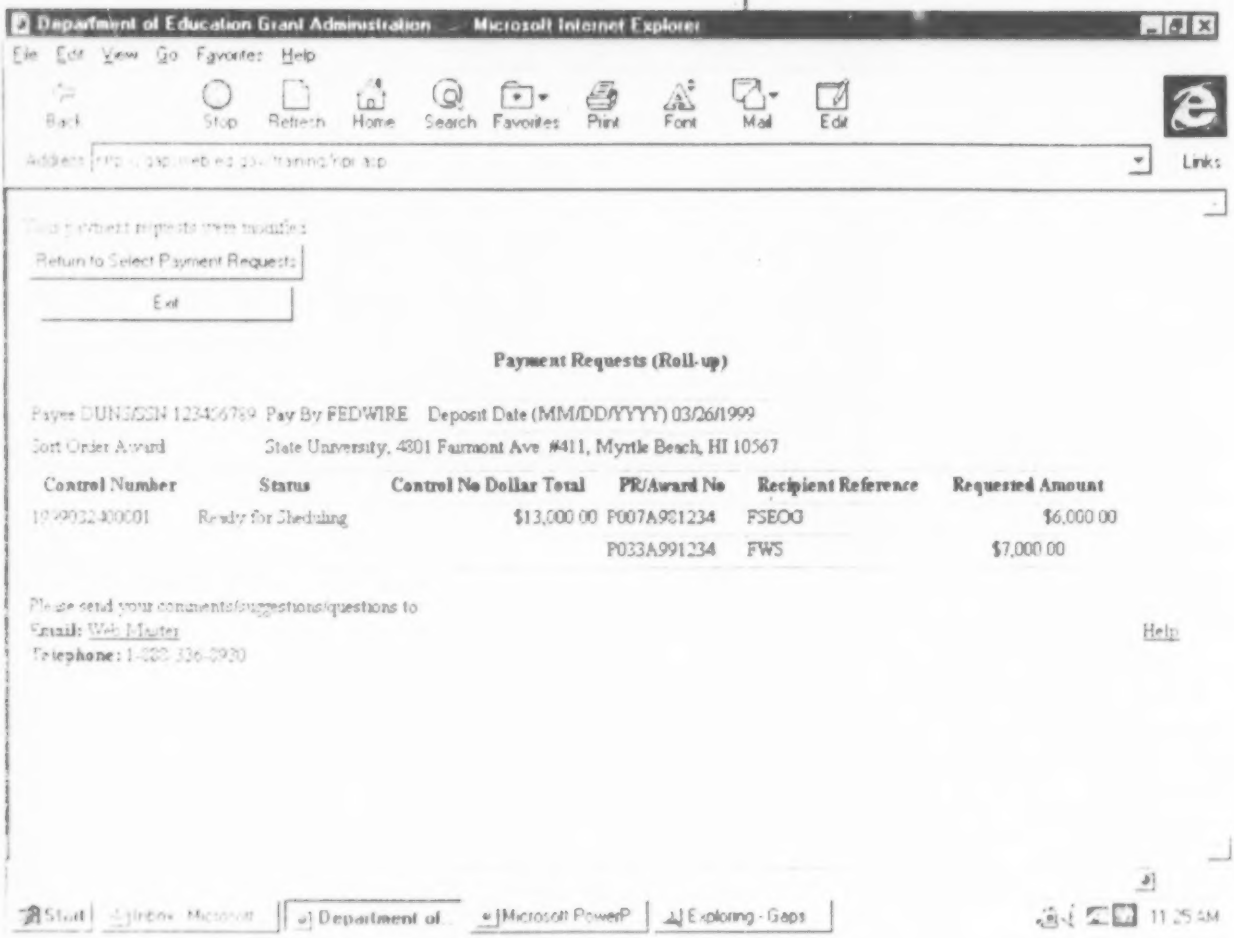
Figure 10: Payment Requests (Roll-up)

Notes


Department of Education Grant Administration - Microsoft Internet Explorer
File Edit View Go Favorites Help
Back Stop Refresh Home Search Favorites Print Font Mail Edit
Links
Return to Select Payment Requests
Exit
Payment Requests (Roll-up)
Payee DUNS/DSN 123456789 Pay By FEDWIRE Deposit Date (MM/DD/YYYY) 03/26/1999
Sort Order Award State University, 4301 Fairmont Ave #411, Myrtle Beach, HI 10567
Control Number Status Control No Dollar Total PR/Award No Recipient Reference Requested Amount
19990324000001 Ready for Checking $13,000.00 P007A991234 FSEOG $6,000.00
P033A991234 FWS $7,000.00
Please send your comments/suggestions/questions to
Email: Web Master
Telephone: 1-800-336-0920
Help
Start
Department of...
Microsoft PowerP...
Exploring - Gaps
11:25 AM

- This screen confirms that the modified payment request was made.

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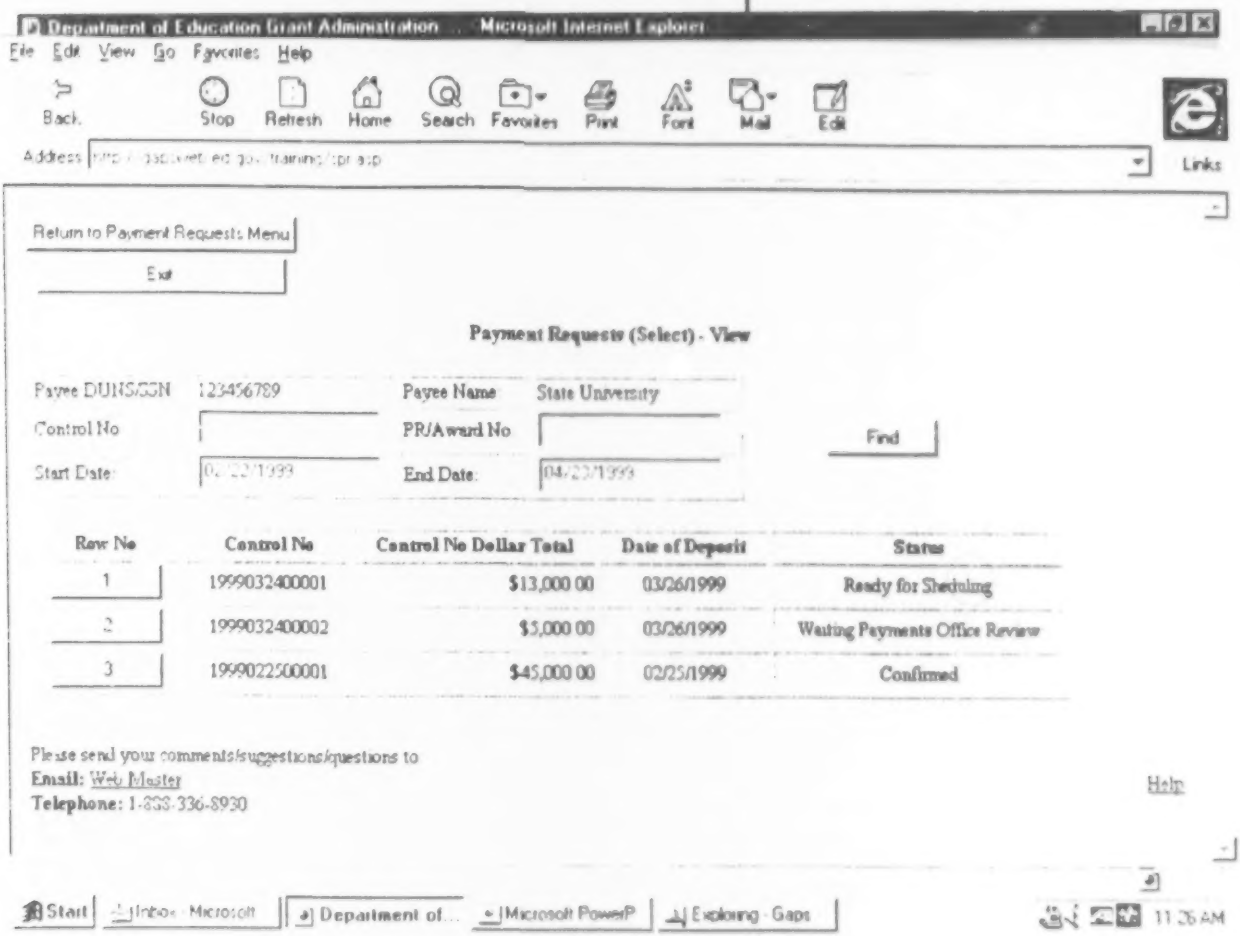
5. View Payment Requests

Figure 11: Payment Requests (Select) - View



- This screen displays:
  - all completed and pending payment requests and
  - their roll-up status in reverse chronological order.

Notes

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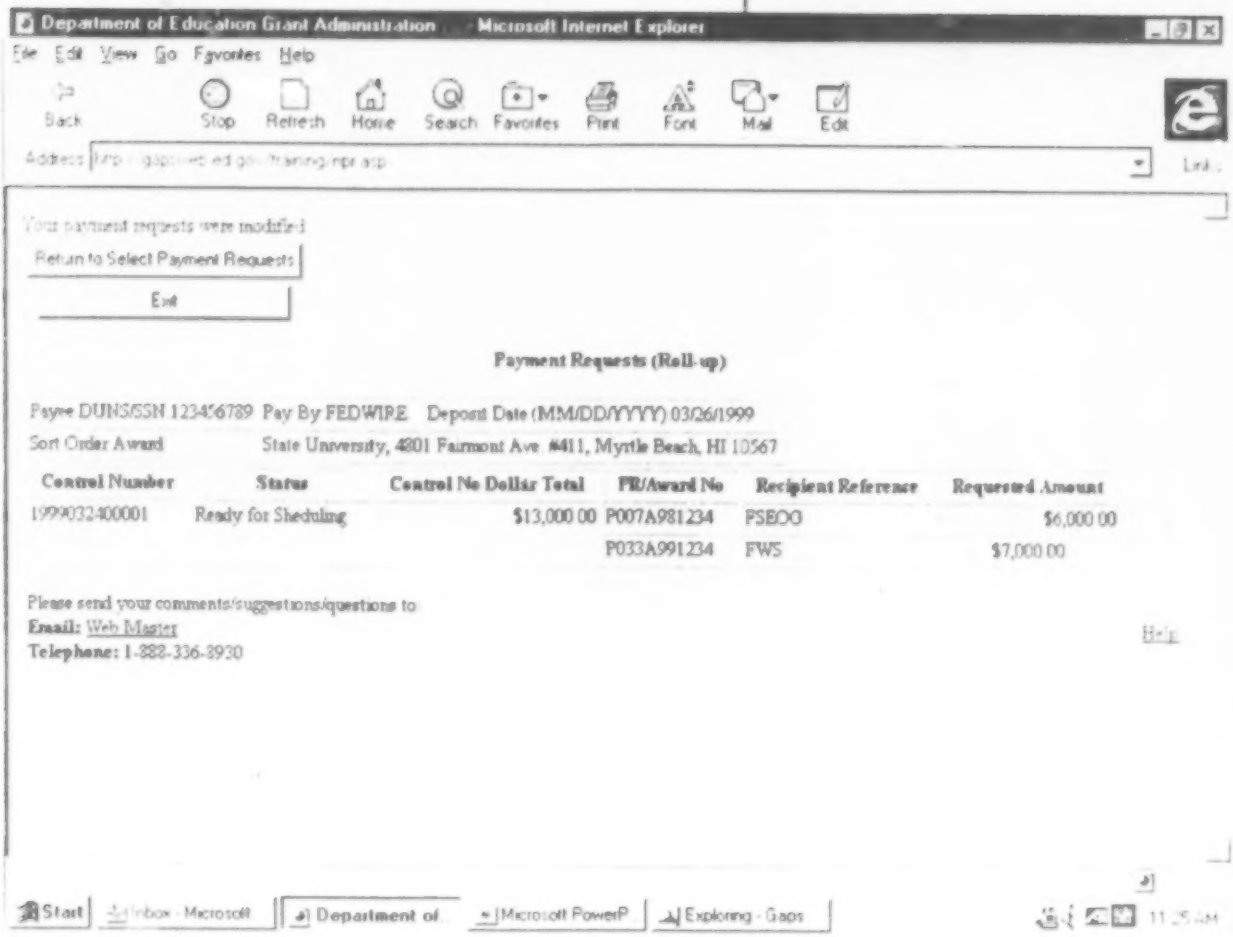
View Payment Request Status Descriptions

Status	Description
Ready for Scheduling	Payment request to be included in the disbursement schedule.
Scheduled	Roll-ups that are scheduled for disbursement.
Cancelled	Roll-ups removed from the disbursement schedule.
Removed by Scheduling Official	Roll-ups removed by the scheduling official.
Placed on Unapproved Schedule	Roll-ups that have been placed on a schedule that has not yet been approved.
Waiting for Payments Office Review	Payment requests routed for Payments Office approval.
Waiting for Program Office Review	Payment requests routed for Program Office approval.
Waiting for A/R [Accounts Receivable] Offset Determination	Payment requests routed to Accounts Receivable Office for offset determination.
Disapproved	Payment requests routed for ED review that were denied approval.
Approved and Ready for Scheduling	Payment requests routed for ED review that were approved and will be included in the disbursement schedule.
Returned	Roll-ups confirmed by Treasury and later returned by Federal Reserve Bank.
In Transit	Roll-ups included in a disbursement schedule sent to Federal Reserve Bank, but not confirmed by Treasury.
Confirmed	Roll-ups confirmed by Treasury.

Figure 12: Payment Requests (Roll-up)

Notes


Department of Education Grant Administration - Microsoft Internet Explorer
File Edit View Go Favorites Help
Back Stop Refresh Home Search Favorites Print Font Mail Edit
Address
Your payment requests were modified
Return to Select Payment Requests
Exit
Payment Requests (Roll-up)
Payee DUNS/SSN 123456789 Pay By FEDWIRE Deposit Date (MM/DD/YYYY) 03/26/1999
Sort Order Award State University, 4801 Fairmont Ave #411, Myrtle Beach, HI 10567
Control Number Status Control No Dollar Total PR/Award No Recipient Reference Requested Amount
19990324000001 Ready for Sheduling $13,000.00 P007A981234 PSBOO $6,000.00
P033A991234 FWS $7,000.00
Please send your comments/suggestions/questions to
Email: Web Master
Telephone: 1-888-336-8930
Help
Start
Department of
Microsoft PowerP
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- This screen displays the details of the selected rolled-up payment request.

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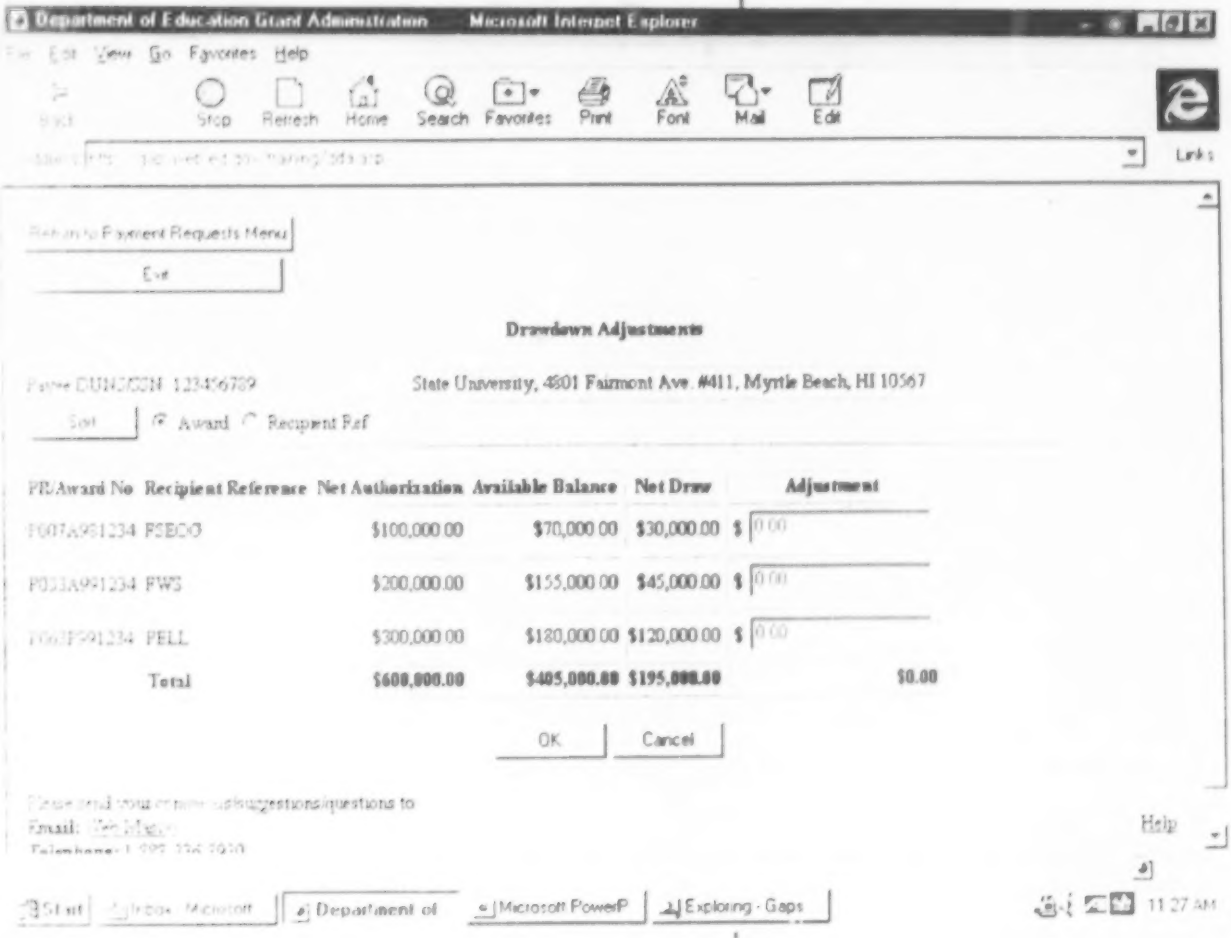
6. Adjust Drawdown Amounts

- Using GAPS, drawdown amounts can be adjusted or redistributed between grant awards.
- Net change of adjustments must equal zero.

Figure 13: Drawdown Adjustments

Notes



- This screen is used to:
  - adjust drawdowns on awards in their performance or liquidation periods and
  - submit drawdown adjustments.

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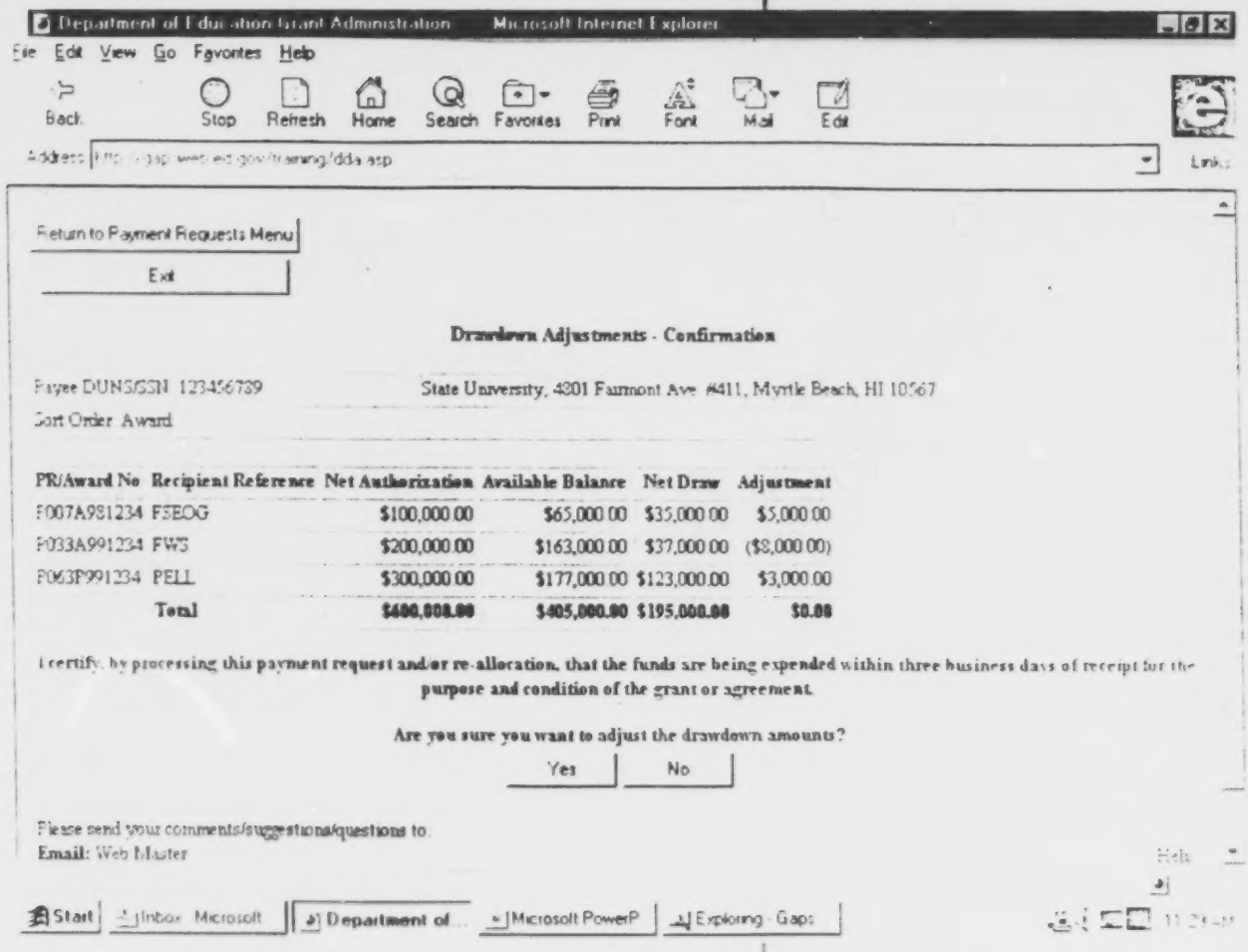
Figure 14: Drawdown Adjustments - Confirmation

Notes


Department of Education Grant Administration - Microsoft Internet Explorer
File Edit View Go Favorites Help
Back Stop Refresh Home Search Favorites Print Font Mail Edit
Address
Links
Return to Payment Requests Menu
Exit
Drawdown Adjustments - Confirmation
Payee DUNS/SSN 123456789
State University, 4201 Fairmont Ave #411, Myrtle Beach, HI 10567
Sort Order Award
PR/Award No Recipient Reference Net Authorization Available Balance Net Draw Adjustment
P007A981234 FSEOG $100,000.00 $65,000.00 $35,000.00 $5,000.00
P033A991234 FWS $200,000.00 $163,000.00 $37,000.00 ($8,000.00)
P063P991234 PELL $300,000.00 $177,000.00 $123,000.00 $3,000.00
Total $600,000.00 $405,000.00 $195,000.00 $0.00
I certify, by processing this payment request and/or re-allocation, that the funds are being expended within three business days of receipt for the purpose and condition of the grant or agreement.
Are you sure you want to adjust the drawdown amounts?
Yes
No
Please send your comments/suggestions/questions to:
Email: Web Master
Start
Inbox - Microsoft
Department of...
Microsoft PowerP
Exploring - Gaps

- This screen:
  - summarizes drawdown adjustments and
  - asks the user to confirm the adjustments.

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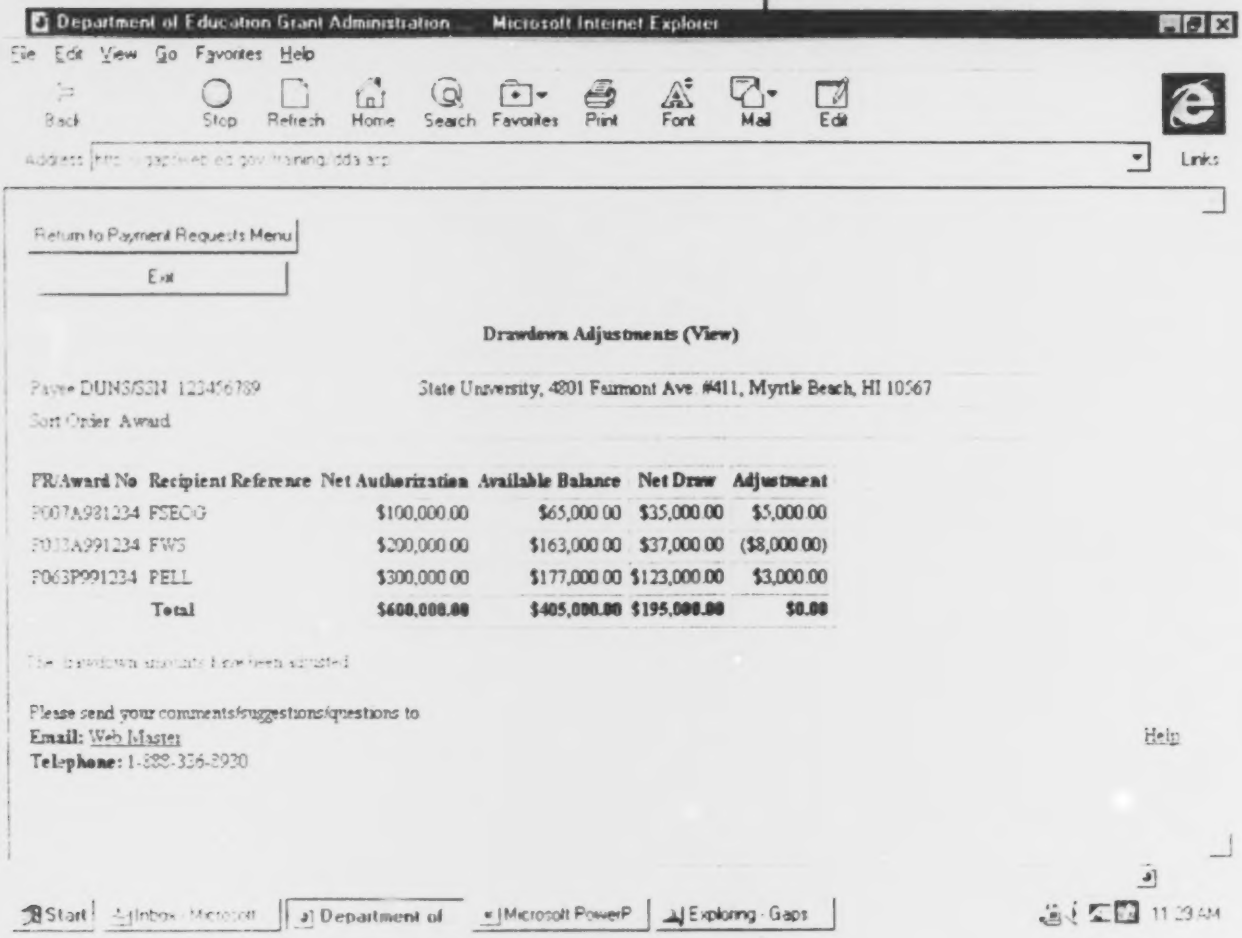
Figure 15: Drawdown Adjustments (View)

Notes


Department of Education Grant Administration - Microsoft Internet Explorer
File Edit View Go Favorites Help
Back Stop Refresh Home Search Favorites Print Font Mail Edit
Address
Links
Return to Payment Requests Menu
Exit
Drawdown Adjustments (View)
Payee DUNS/SSN 123456789
State University, 4801 Fairmont Ave #411, Myrtle Beach, HI 10567
Sort Order Award
FR/Award No Recipient Reference Net Authorization Available Balance Net Draw Adjustment
P007A981234 FSEOG $100,000.00 $65,000.00 $35,000.00 $5,000.00
P033A991234 FWS $200,000.00 $163,000.00 $37,000.00 ($8,000.00)
P063P991234 PELL $300,000.00 $177,000.00 $123,000.00 $3,000.00
Total $600,000.00 $405,000.00 $195,000.00 $0.00
Please send your comments/suggestions/questions to
Email: Web Master
Telephone: 1-888-336-8930
Help
Start
Department of
Microsoft PowerP
Exploring - Gaps
11:29 AM

- This screen displays the drawndown adjustments in view-only mode.

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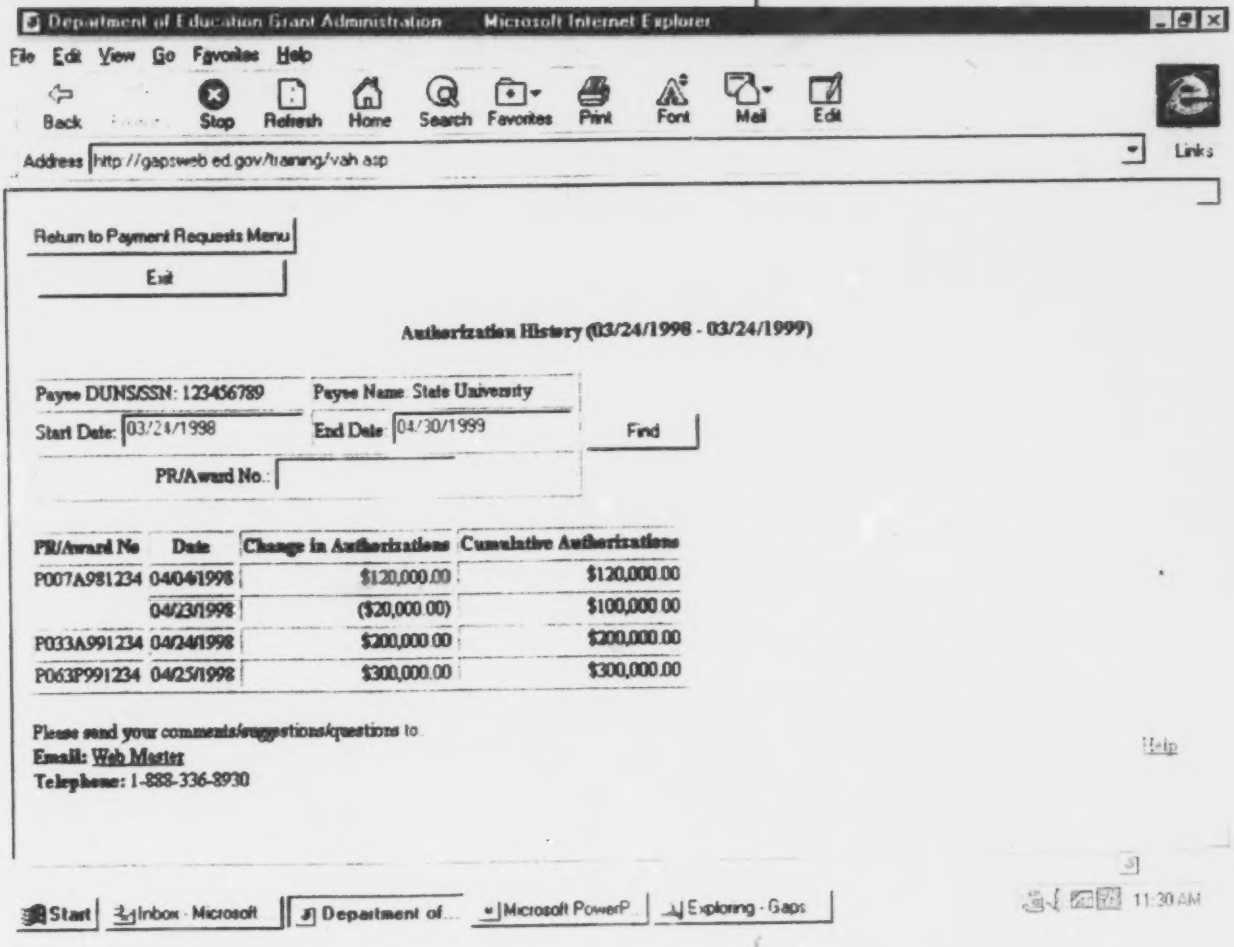
7. View Authorization History

Notes

Figure 16: Authorization History


Department of Education Grant Administration - Microsoft Internet Explorer
File Edit View Go Favorites Help
Back Stop Refresh Home Search Favorites Print Font Mail Edit
Address http://gapsweb.ed.gov/training/vah.asp
Links
Return to Payment Requests Menu
Exit
Authorization History (03/24/1998 - 03/24/1999)
Payee DUNS/SSN: 123456789
Payee Name: State University
Start Date: 03/24/1998
End Date: 04/30/1999
Find
PR/Award No.:
PR/Award No | Date | Change in Authorizations | Cumulative Authorizations
P007A981234 | 04/04/1998 | $120,000.00 | $120,000.00
04/23/1998 | ($20,000.00) | $100,000.00
P033A991234 | 04/24/1998 | $200,000.00 | $200,000.00
P063P991234 | 04/25/1998 | $300,000.00 | $300,000.00
Please send your comments/suggestions/questions to:
Email: Web Master
Telephone: 1-888-336-8930
Help
Start
Inbox - Microsoft
Department of...
Microsoft PowerP...
Exploring - Gaps
11:30 AM

- Displays all authorization changes that have occurred to awards since each award's inception.
- Modifying the start and end dates allows award authorization histories to be viewed over any given period.

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8. Direct Loan Payment Requests

- GAPS can be used to:
  - make Direct Loan payment requests,
  - modify Direct Loan payment requests, and
  - adjust Direct Loan drawdown amounts.

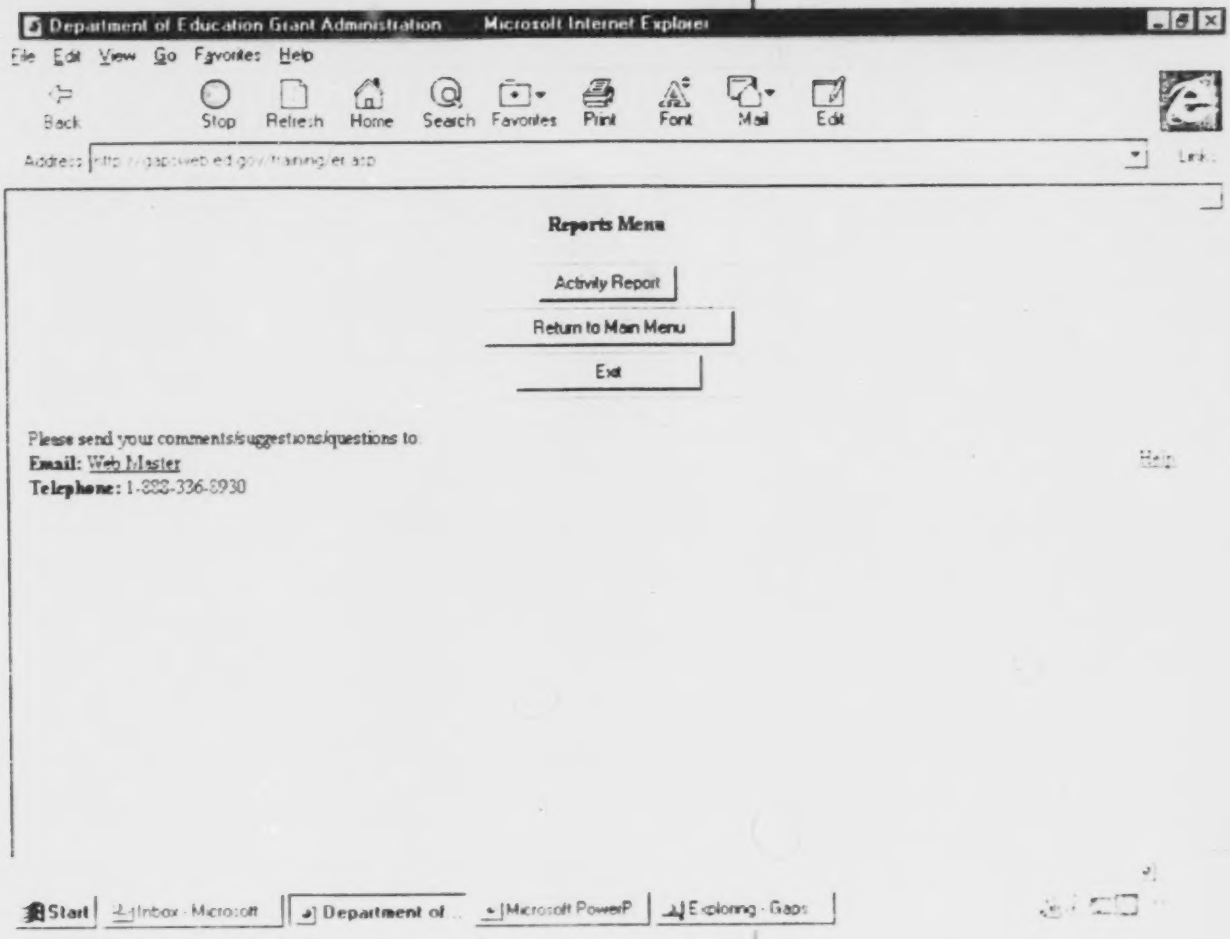
9. GAPS Activity Report

- Schools use this report to reconcile internal accounting records with ED and contact ED if discrepancies occur.

Notes

Figure 17: Reports Menu

Notes



- The Reports Menu allows the user to create an Activity Report.

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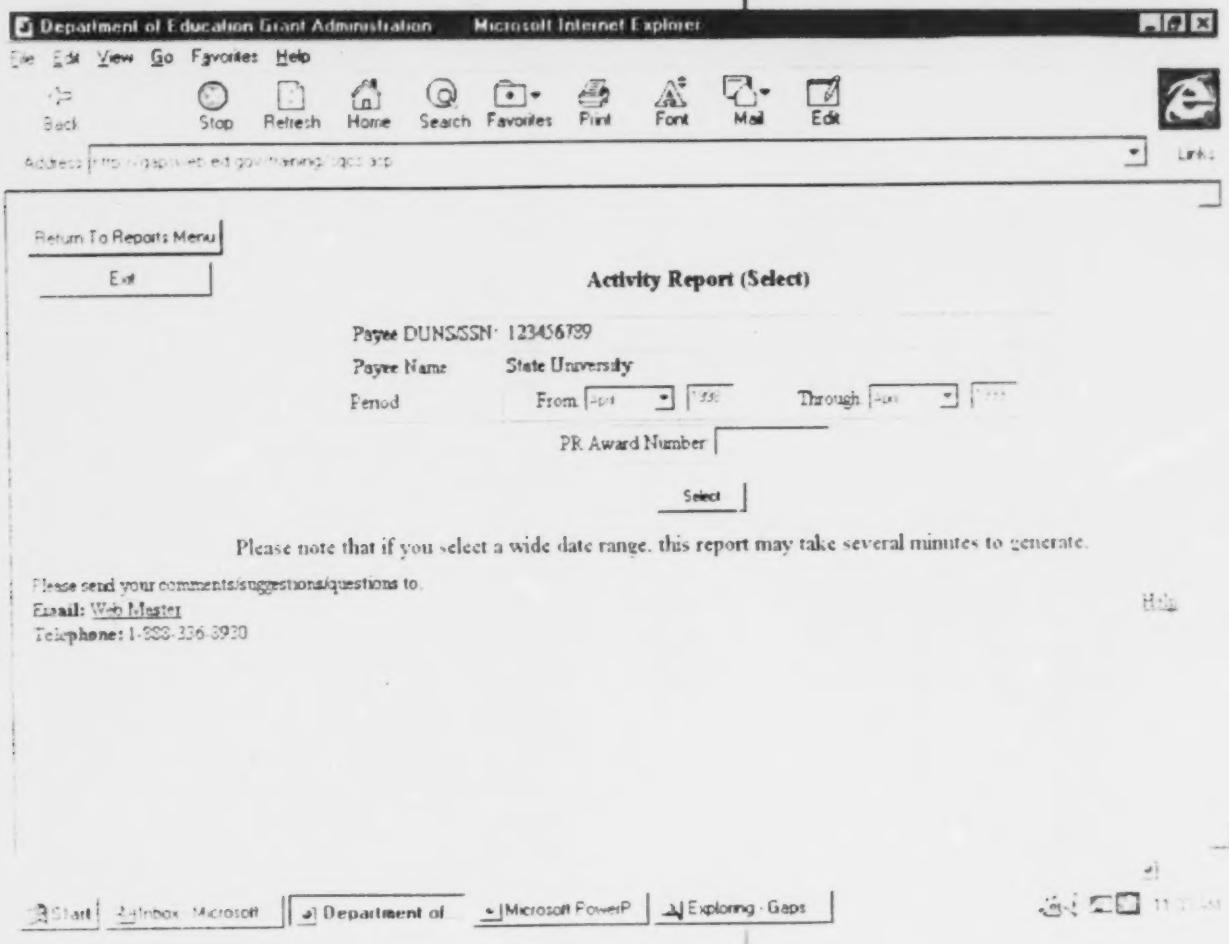
Figure 18: Activity Report (Select)

Notes


Department of Education Grant Administration Microsoft Internet Explorer
File Edit View Go Favorites Help
Back Stop Refresh Home Search Favorites Print Font Mail Edit
Links
Return To Reports Menu
Exit
Activity Report (Select)
Payee DUNS/SSN: 123456789
Payee Name State University
Period From Through
PR Award Number
Select
Please note that if you select a wide date range, this report may take several minutes to generate.
Please send your comments/suggestions/questions to:
Email: Web Master
Telephone: 1-888-336-8930
Help
Start
Department of
Microsoft PowerP
Exploring - Gaps

- Use a full PR Award Number to limit the report to one specific grant award.

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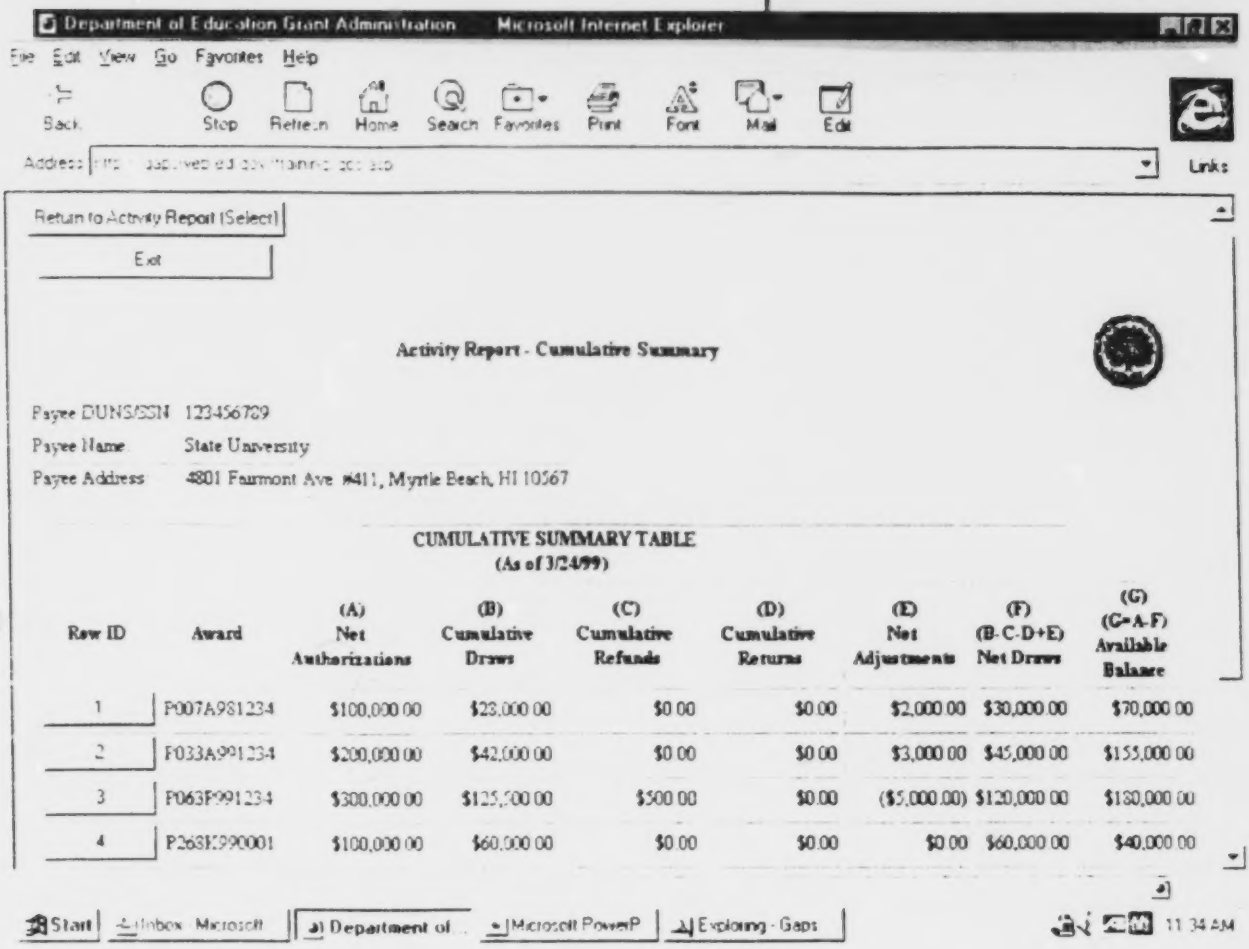
Figure 19: Activity Report - Cumulative Summary

Notes


Department of Education Grant Administration - Microsoft Internet Explorer
File Edit View Go Favorites Help
Back Stop Refresh Home Search Favorites Print Font Mail Edit
Address
Links
Return to Activity Report (Select)
Exit
Activity Report - Cumulative Summary
Payee DUNS/SSN 123456789
Payee Name State University
Payee Address 4801 Fairmont Ave #411, Myrtle Beach, HI 10567
CUMULATIVE SUMMARY TABLE
(As of 3/24/99)
Row ID | Award | (A) Net Authorizations | (B) Cumulative Draws | (C) Cumulative Refunds | (D) Cumulative Returns | (E) Net Adjustments | (F) (B-C-D+E) Net Draws | (G) (C=A-F) Available Balance
1 | P007A981234 | $100,000 00 | $23,000 00 | $0 00 | $0 00 | $2,000 00 | $30,000 00 | $70,000 00
2 | F033A991234 | $200,000 00 | $42,000 00 | $0 00 | $0 00 | $3,000 00 | $45,000 00 | $155,000 00
3 | P063P991234 | $300,000 00 | $125,500 00 | $500 00 | $0 00 | ($5,000 00) | $120,000 00 | $180,000 00
4 | P268K990001 | $100,000 00 | $60,000 00 | $0 00 | $0 00 | $0 00 | $60,000 00 | $40,000 00
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Department of ...
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Exploring - Gaps
11:34 AM

- The cumulative summary table provides summary information on activity that occurred on each grant during the date range specified by the user.

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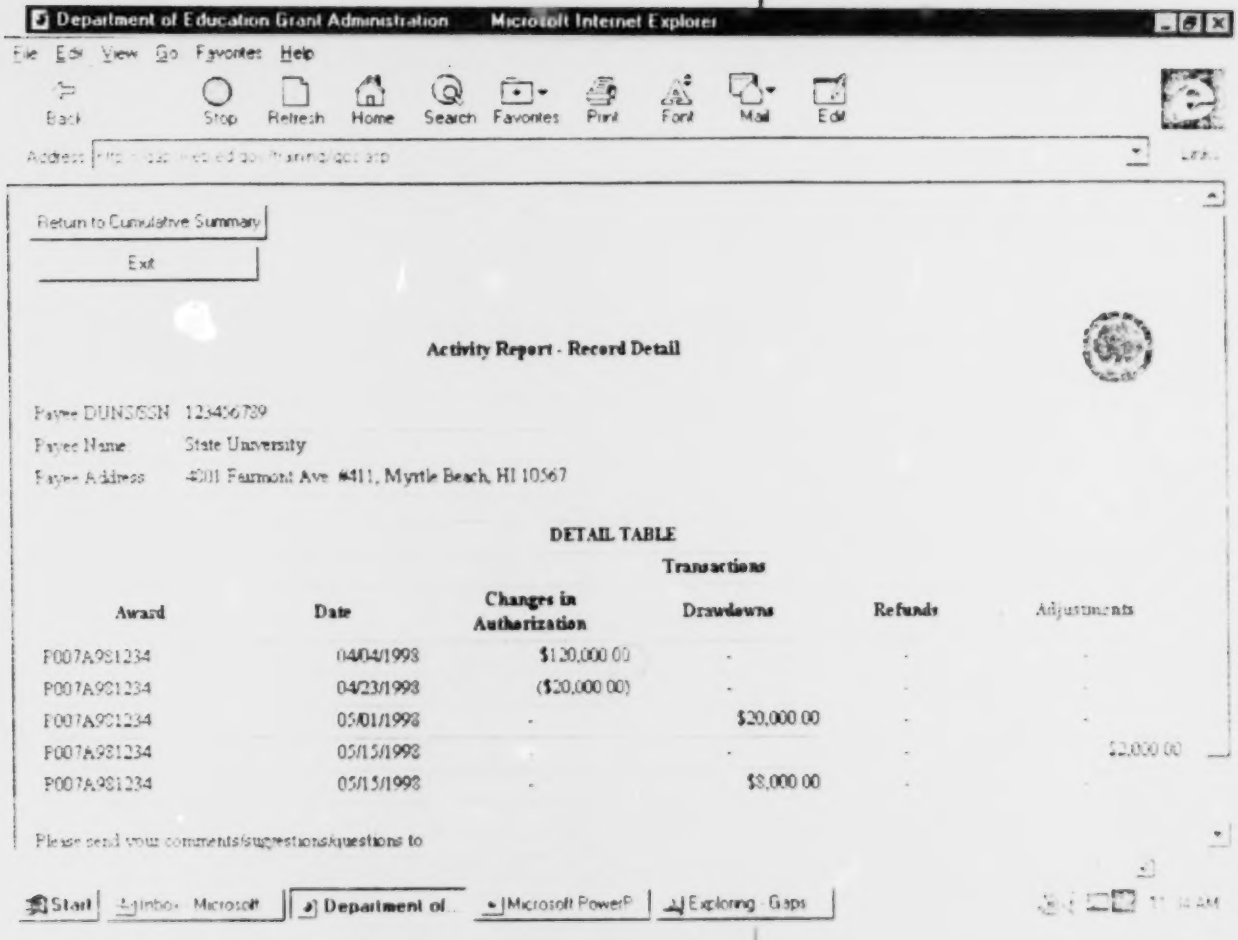
Notes

CUMULATIVE SUMMARY TABLE FIELDS

Column	Description
Award	List of grant awards.
(A) Net Authorization	This represents the net authorization amount of each grant award. This amount includes all authorizations and changes in authorizations as of the statement date.
(B) Cumulative Draws	This represents the total amount of each grant award from the start of the grant to the statement date. These draws also reflect any FRB returns or Accounts Receivable offsets.
(C) Cumulative Refunds	This represents the total amount of money refunded to ED by the payee.
(D) Cumulative Returns	This represents funds returned by the FRB that could not be deposited into the recipient's account. This occurs when an account number or bank routing number is incorrect.
(E) Net Adjustments	This represents the net result of all adjustments made to the amounts drawn on a grant from the start of the grant to the statement date.
(F) Net Draws	This represents the net amount drawn on each grant award as of the statement date. Net draws are calculated by taking cumulative draws, then subtracting cumulative refunds and cumulative returns, and adding or subtracting net adjustments.
(G) Available Balance	This represents the total amount of funds available for drawdown for each grant award. This figure is calculated for each award by subtracting net draws from the cumulative authorization.

Figure 20: Activity Report - Record Detail

Notes


Department of Education Grant Administration Microsoft Internet Explorer
File Edit View Go Favorites Help
Back Stop Refresh Home Search Favorites Print Font Mail Edit
Address
Return to Cumulative Summary
Exit
Activity Report - Record Detail
Payee DUNS/SSN 123456789
Payee Name State University
Payee Address 4201 Fairmont Ave #411, Myrtle Beach, HI 10567
DETAIL TABLE
Transactions
Award Date Changes in Authorization Drawdowns Refunds Adjustments
P007A981234 04/04/1998 $120,000 00 - - -
P007A981234 04/23/1998 ($20,000 00) - - -
P007A981234 05/01/1998 - $20,000 00 - -
P007A981234 05/15/1998 - - - $20,000 00
P007A981234 05/15/1998 - $8,000 00 - -
Please send your comments/suggestions/questions to
Start Inbox - Microsoft Department of... Microsoft PowerP Exploring - Gaps

- The detail table shows the detail transactions that make up the cumulative summary table.

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D. TIPS FOR USING GAPS

1. Use the correct Web site.
   - **http://gapsweb.ed.gov**
2. Contact the GAPS Hotline if you have submitted the External Security Access form but have not received a permanent user I.D. and password.
3. Enter only positive dollar amounts on the Payment Requests screen.
4. All award adjustments must net out to zero.
5. Payments can be modified only while the status is "Ready for Scheduling."
6. Every payment request must be confirmed and certified.
7. Call the program office if an authorized amount has been decreased.
8. Use the payment request screen to extract details about specific awards.
9. Make a note of your password.
10. Don't report expenditures to GAPS.
11. Don't forget to exit.

Notes

4 Disbursing Title IV Funds

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OBJECTIVES

By the end of this session, you will be able to:

- identify internal cash management standards and practices associated with disbursing Title IV funds,
- define disbursement for all Title IV programs and further define disbursement and delivery of FFEL funds,
- describe conditions that must be met before funds are disbursed,
- describe the timing of funds distribution, and
- identify Title IV program-specific requirements that affect the release of funds to students or parents.

RESOURCES

- *The Blue Book,* Chapter 1—The Student Financial Aid Programs
- *The Blue Book,* Chapter 4—Requesting, Managing, and Returning Title IV Funds
- Federal Regulations 34 CFR Part 668.163 through 165
- *Student Financial Aid Handbook: Institutional Eligibility and Participation*

A. MAINTAINING FUNDS

- Federal regulations apply to the brief period of time between receiving and disbursing Title IV funds.

1. Bank Accounts

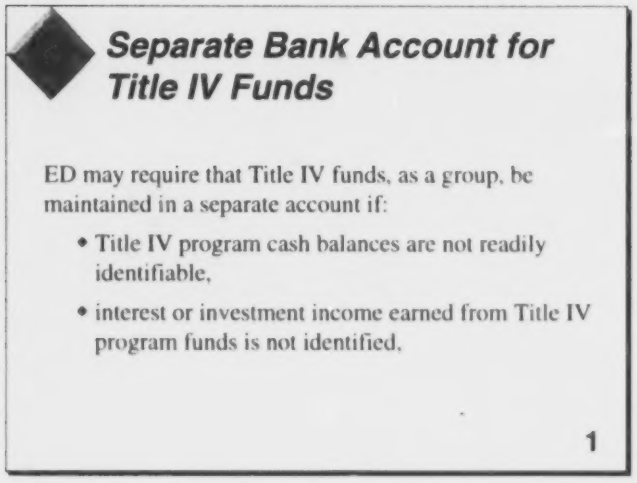
Notes

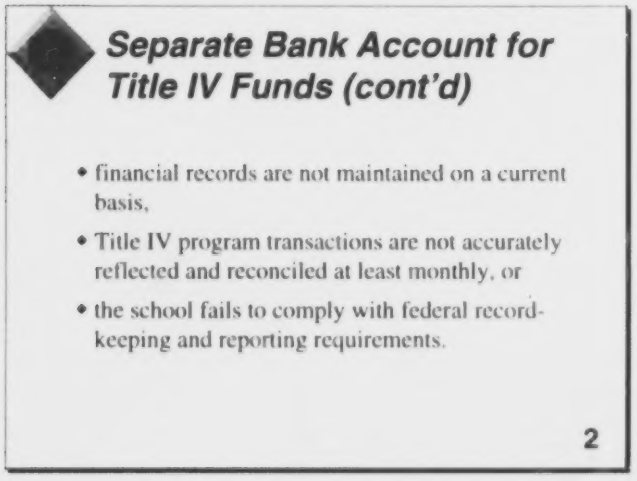
BANK ACCOUNTS*

- Federal funds must be kept in an account that is:
  - federally insured or
  - secured by sufficient collateral to reasonably cover the amount of Title IV program funds in the account.
- A school must indicate that the account contains federal funds by:
  - including in the name of each account the phrase "federal funds" or
  - notifying the bank that the account contains federal funds and retaining a copy of that notice.
- If a school notifies the bank that the account contains "federal funds," but does not include these words in its name, the school must file a UCC-1 statement (disclosing that the account contains federal funds) with an appropriate state or local government agency.
  - Public institutions (because they generally do not obtain credit in the same manner as non-public institutions) and schools that have "federal funds" in the name(s) of their accounts do not file a UCC-1.
- A school must keep Federal Perkins Loan Program funds in an interest-bearing account that is:
  - federally insured,
  - secured by collateral equal in value to the Title IV program funds in the account, or
  - an investment account consisting predominantly of low-risk, income-producing securities, such as obligations issued or guaranteed by the U.S. government.
- A school is not required to maintain other Title IV program funds in an interest-bearing account if:
  - the school drew down less than $3 million from Title IV programs in the prior award year and anticipates that it will draw down less than that amount in the current award year, or
  - the school can demonstrate by its cash management practices that it will not earn more than $250 in interest income from Title IV program funds during the current award year.

*See 34 CFR 668.163

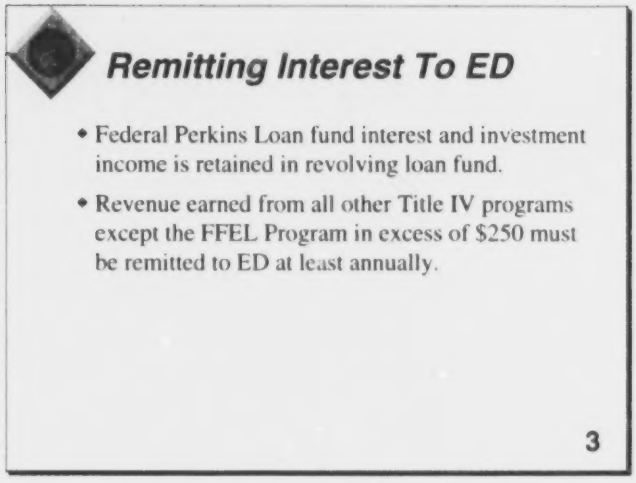
- Schools do not need a separate account for each Title IV program.


Separate Bank Account for Title IV Funds
ED may require that Title IV funds, as a group, be maintained in a separate account if:
• Title IV program cash balances are not readily identifiable,
• interest or investment income earned from Title IV program funds is not identified,
1


Separate Bank Account for Title IV Funds (cont'd)
• financial records are not maintained on a current basis,
• Title IV program transactions are not accurately reflected and reconciled at least monthly, or
• the school fails to comply with federal record-keeping and reporting requirements.
2

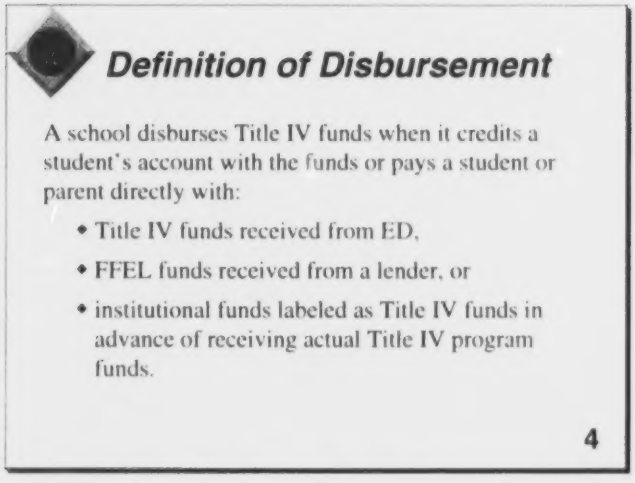
Notes

2. Remitting Interest or Investment Revenue to ED


Remitting Interest To ED
• Federal Perkins Loan fund interest and investment income is retained in revolving loan fund.
• Revenue earned from all other Title IV programs except the FFEL Program in excess of $250 must be remitted to ED at least annually.
3

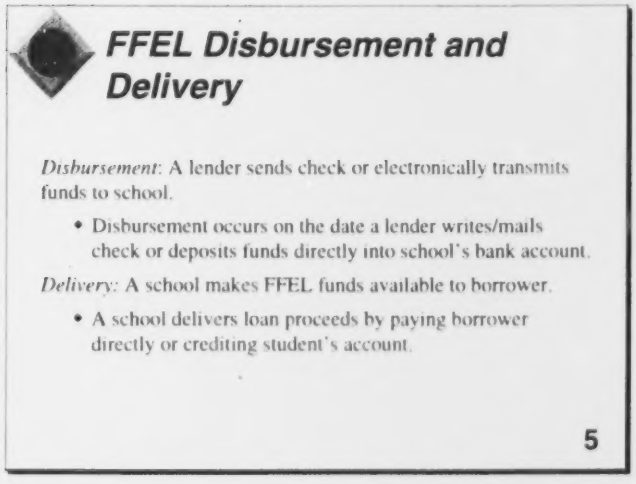
B. DISBURSING FUNDS

1. Disbursement Defined


Definition of Disbursement
A school disburses Title IV funds when it credits a student's account with the funds or pays a student or parent directly with:
• Title IV funds received from ED,
• FFEL funds received from a lender, or
• institutional funds labeled as Title IV funds in advance of receiving actual Title IV program funds.
4

Notes

- Three instances when crediting school funds (labeled as Title IV funds) to a student's or parent's account in advance of receiving Title IV funds *will not result immediately in a disbursement*:
  - If a school credits a student's account with school funds earlier than ten days before the first day of classes of a payment period, the Title IV disbursement occurs on the tenth day before the first day of classes. A school can credit a student's account with school funds earlier than ten days before the first day of classes of a payment period, but it is not a Title IV disbursement.
  - For a student subject to 30-day delayed disbursement, if the school credits the student's account with school funds earlier than 30 days after the first day of the payment period, the Title IV loan disbursement occurs on the 30th day after the beginning of the payment period.
  - If a school simply makes a memo entry for billing purposes or credits a student's account and does not identify it as a Title IV credit (for example, an "estimated Federal Pell Grant"), the disbursement does not occur until the posting is subsequently converted to an actual credit.


FFEL Disbursement and Delivery
Disbursement: A lender sends check or electronically transmits funds to school.
• Disbursement occurs on the date a lender writes/mails check or deposits funds directly into school's bank account.
Delivery: A school makes FFEL funds available to borrower.
• A school delivers loan proceeds by paying borrower directly or crediting student's account.
5

Notes

Notifying Students About Disbursements

- Before disbursing funds, a school must notify the student about:
  - amount of Title IV aid,
  - how Title IV aid will be paid, and
  - when Title IV aid will be paid.
- For FFEL funds and Direct Loans:
  - notice must differentiate between subsidized and unsubsidized loans.

6

Yes-or-No Exercise:

Circle the correct answer.

1. Classes at XYZ University start on September 15. If the school credits a student's account with $1,500 on September 3 in the general ledger and indicates on the account that the $1,500 credit is a "Federal Pell Grant award," has the school made a Title IV disbursement?

   Yes or No

2. If XYZ University uses school funds to credit the student's account on September 3, has a disbursement occurred?

   Yes or No

3. If the student's account was credited with an "Estimated FSEOG," has a disbursement occurred?

   Yes or No

Notes

2. Academic Year Requirements

- Disbursing Title IV funds depends on the institution's academic year and the Title IV award year.

Academic Year Definition

An academic year must contain at least 30 weeks of instructional time during which a full-time undergraduate is expected to complete:

- 24 semester or trimester hours,
- 36 quarter hours, or
- 900 clock hours.

Waiver from ED available on a case-by-case basis to schools offering 2-year (associate degree) and 4-year (baccalaureate degree) programs.

7

Definition of Week

A week of instructional time is defined as:

- For term-based and clock-hour schools, any seven-day period in which at least one day of regularly scheduled instruction, examinations, or preparation for examinations occurs.
- For nonterm programs, a week must include at least 12 hours of regularly scheduled instruction, examinations, or preparation for examinations within a consecutive seven-day period.

8

Notes

C. IMPACT OF PAYMENT PERIODS ON DISBURSING TITLE IV AID

Payment Periods

- All Title IV funds, except for FWS wages, must be disbursed to students on a payment period basis.
- FFEL and Direct Loan may have other requirements.
- The payment period is defined by the structure of a school's academic program:
  - term-based credit-hour programs in one category;
  - non-term credit-hour programs and all clock-hour programs grouped together in another category.

9

1. Term-Based Credit-Hour Programs

a. Standard Terms

Definition of a Payment Period for Standard Terms

- For a standard term-based school (semesters, trimesters, or quarters), the payment period is the term.
- The semester, trimester, or quarter must meet certain requirements in terms of weeks.
- All Title IV aid must be disbursed by the term.

10

Notes

Direct Loan/FFEL Program Loan Payment Periods

- Loan period might not be the same as the payment period.
- Reminder: Loan must be multiply disbursed even if the loan period is only one term.
  - ▲ Exception: schools with a cohort default rate for each of the three most recent fiscal years of less than 10% or loans for students in study-abroad programs if school has cohort default rate of less than 5%.

11

b. Nonstandard Terms

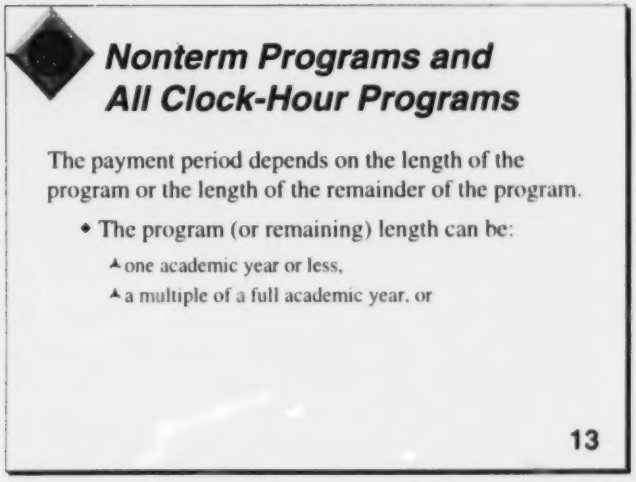
Definition of a Payment Period for Nonstandard Terms

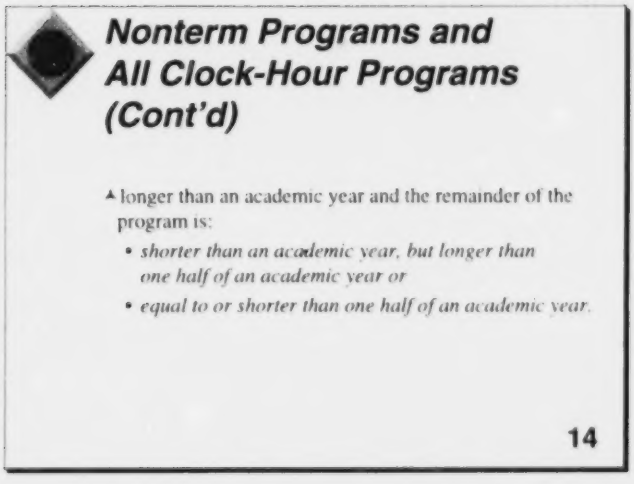
- The payment period is the term for Federal Pell Grants and campus-based aid.
- For Direct Loan Program and FFEL Program funds, the payment period is the same as for nonterm credit-hour programs.

12

Notes

2. Nonterm Credit-Hour Programs and All Clock-Hour Programs


Nonterm Programs and All Clock-Hour Programs
The payment period depends on the length of the program or the length of the remainder of the program.
• The program (or remaining) length can be:
▲ one academic year or less,
▲ a multiple of a full academic year, or
13


Nonterm Programs and All Clock-Hour Programs (Cont'd)
▲ longer than an academic year and the remainder of the program is:
• shorter than an academic year, but longer than one half of an academic year or
• equal to or shorter than one half of an academic year.
14

- The charts on pages 12 and 13 of this Guide define the payment period for nonterm credit-hour programs and all clock-hour programs. They also give an example of the payment periods for each program type. Please read those charts and complete the quiz beginning on page 14 of this Guide.

Notes

Nonterm Credit-Hour Programs and All Clock-Hour Programs

Programs That Are One Academic Year or Less in Length as Measured in Clock Hours or Credit Hours

- Program is divided into at least two equal payment periods.
- **Example**
  - Program is 600 clock hours.
  - The first payment period is the period of time needed for the student to complete 300 clock hours.
  - The second payment period begins at 301 and finishes at 600 clock hours.

Programs That Are Multiples of a Full Academic Year

- The academic year is divided into at least two equal payment periods as measured in clock hours or credit hours.
- For each academic year, the first payment period is the time in which the student completes the first half of the academic year and the second payment period is the time in which the student completes the second half of that academic year, as measured in clock hours or credit hours completed.
- However, for FFEL Program loans and Direct Loans, the second disbursement cannot occur earlier than the calendar midpoint between the first and last scheduled days of classes in the loan period.
- **Example**
  - The program is 1,800 clock hours, and the academic year is defined as 900 clock hours and 30 weeks in length.
    1. During the first academic year as measured in clock or credit hours:
       a. The first payment period is the period of time needed to complete the first half of the academic year, which is 450 clock hours (clock hours 0 to 450).
       b. The second payment period is the period of time needed to complete the remaining 450 clock hours of the academic year (clock hours 451 to 900).
    2. During the second academic year as measured in clock hours or credit hours:
       a. The first payment period is the period of time needed to complete 450 clock hours (clock hours 901 to 1,350).
       b. The second payment period is the period of time needed to complete the final 450 clock hours to finish the student's program (clock hours 1,351 to 1,800).

Other Programs Longer Than an Academic Year

Remaining Program Portion Longer Than One-Half Year

- These programs may include multiple full academic years as measured in clock hours or credit hours followed by the remaining portion of the program.

NONTERM CREDIT-HOUR PROGRAMS AND ALL CLOCK-HOUR PROGRAMS (CONT'D)

- Each full academic year is divided into a minimum of two equal payment periods.
- There are a minimum of two equal payment periods for the remaining portion of the program.
  - For the school's remaining partial academic year, the first payment period is the period of time needed to complete half of the clock hours or credit hours remaining in the program.
  - For the school's remaining partial academic year, the second payment period is the time span needed to complete the program.
  - However, for FFEL Program loans and Direct Loans, the calendar time and academic coursework or clock-hour provisions for loans need to be considered.
- **Example**
  - The program consists of a full academic year and a remaining portion longer than one half of an academic year.
  - The program is 1,700 clock hours, and the academic year is 900 clock hours and 30 weeks in length.
  - The program consists of a minimum of four payment periods.
    1. During the first academic year, the first two payment periods consist of 450 clock hours each for a total of 900 completed clock hours. The first is from 0 to 450 and the second is from 451 to 900 clock hours.
    2. During the second academic year:
       a. The remaining 800 program hours are proportionately divided into at least two equal payment periods.
       b. The first payment period begins after the completion of 900 clock hours from the first academic year and consists of 400 clock hours (clock hours 901 to 1,300).
       c. The second payment period consists of the final 400 clock hours in the remaining portion of the program (clock hours 1,301 to 1,700). The second payment period begins after the student completes the clock hours from the first payment period.

Remaining Program Portion Equal To or Shorter Than One-Half Year

- These programs may include multiple full academic years followed by the remaining portion of the program.
- Each full academic year is divided into a minimum of two equal payment periods.
- The remaining portion of the program after the last complete full academic year is the last payment period.
- However, for FFEL Program loans and Direct Loans, a school still has to make two disbursements, even if the remaining 4 credit hours in the following example become a new loan period.
- **Example**
  - The program is 28 credit hours, and the academic year is 24 credit hours and 30 weeks in length.
  - The first two payment periods cover the first academic year and are 12 credit hours each (credit hours 0 to 12 and then 13 to 24).
  - The third payment period is the remaining portion of the program (4 credit hours) and begins after the student completes 24 credit hours (credit hours 25 to 28).

Test Yourself
Quiz 1

Determining Payment Periods

Determine the length of the payment periods in the following scenarios:

1. Program Length: 1,200 clock hours
   Academic Year: 900 clock hours

   Year 1:

   Payment Period #1: ___ hours to ___ hours
   Payment Period #2: ___ hours to ___ hours

   Year 2:

   Payment Period #3: ___ hours to ___ hours

2. Program Length: 700 clock hours
   Academic Year: 900 clock hours

   Year 1:

   Payment Period #1: ___ hours to ___ hours
   Payment Period #2: ___ hours to ___ hours

Test Yourself
Quiz 1 (cont'd)

3. Program Length: 38 credit hours
   Academic Year: 24 credit hours

Year 1:

Payment Period #1: ___ hours to ___ hours
Payment Period #2: ___ hours to ___ hours

Year 2:

Payment Period #3: ___ hours to ___ hours
Payment Period #4: ___ hours to ___ hours

Notes

REQUIREMENTS FOR CREDITING STUDENTS' ACCOUNTS*

When Authorizations are Required

- No written authorization is required to apply Title IV funds to the following allowable charges:
  - tuition,
  - fees, and
  - contractual charges with the school for room and board.
- With written authorization from a student or parent, Title IV funds may be used for:
  - institutional charges that are incurred by the student for educationally related activities.
  - minor prior-year charges, if these charges are less than $100 or if the payment of these charges does not and will not prevent the student from paying his or her current educational costs.

Loan Programs

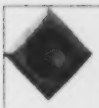
- When a school disburses Direct Loan Program funds by crediting a student's account at the school, the school must first credit the student's account with those funds to pay for outstanding current and authorized charges.
- When a school credits a student's account with Federal Perkins Loan funds (applies to promissory notes containing provisions effective 7/1/96 and beyond), Direct Loan funds, or FFEL funds received by EFT or master check, it must notify the student or parent in writing or electronically no earlier than 30 days before or later than 30 days after crediting the account of:
  - the date and amount of the disbursement,
  - the borrower's right to cancel all or a portion of the loan, and
  - the procedures and time by which the borrower must notify the school that he or she wishes to cancel all or a portion of the loan.

  If the school sends the notice electronically, it must require the recipient of the notice to confirm receipt of the notice and the school must maintain a copy of that confirmation. The school must return the loan proceeds, cancel the loan, or do both, if the school receives a cancellation request from the borrower within 14 days after the date the school sends the disbursement notice or, if the school sends the notice more than 14 days before the first day of the payment period, by the first day of the payment period. In addition, a school may return the loan proceeds, cancel the loan, or do both, if the school receives the notice after this deadline, but *it is not required to do so.* A school must inform the borrower in writing or electronically about the results of any cancellation request.

* See 34 CFR 668.164 and 34 CFR 668.165.

2. Paying Students or Parents Directly

- If a school does not credit a student's account, it must pay the student or parent directly.



Paying Students or Parents Directly

- A direct payment may be a check payable to a student.
- A co-payable check sent by an FFEL lender may be used to pay the student or parent borrower directly.
- A direct payment may be an EFT to a bank account designated by the student or parent.
- A school may dispense cash to a student or parent.

15

Notes

E. TITLE IV CREDIT BALANCES

- Crediting a student's account may generate a credit balance.

Discussion Questions:

- How many schools do we have where the financial aid office is responsible for getting student authorization to hold Title IV credit balances? The business office?
- Do you have good systems for sharing this information?

Notes

AUTHORIZATIONS*

- Schools must get written authorization from a student or parent to:
  - disburse Title IV Program funds to a student's or parent's bank account by EFT,
  - use Title IV Program funds to pay for charges other than those specifically allowed by federal regulations (tuition, fees, and contractual charges with the school for room and board), or
  - hold Title IV credit balances.
- These authorizations cannot be required by the school.
- A written authorization is good for the period during which the student is enrolled at the school, as long as the student or parent does not rescind it. A break in enrollment does not invalidate the authorization.
- The written authorization must allow the student or parent the opportunity to cancel or modify the original authorization at any time.

* See 34 CFR 668.165.

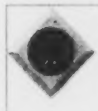
F. PAYING TITLE IV CREDIT BALANCES

Paying Title IV Credit Balances

A school must pay a credit balance to a student or notify the student that the credit balance is available on request no later than 14 days after:

- the first day of classes of a payment period if the credit balance occurred on or before the first day of class of the payment period.

16



Paying Title IV Credit Balances (cont'd)

- the date the balance occurs if the credit balance occurred after the first day of class of the payment period, or
- the date when a student or parent rescinds authorization to hold funds.

17

- Examples of when credit balances must be paid appear on the next page. *The Blue Book*, Section 4.7, page 4-27, has another example.

Notes

When Title IV Credit Balances Must be Paid

Example A

No later than 14 calendar days after the first day of class of a payment period if the Title IV credit balance occurred *on or before* the first day of that payment period.

Day Title IV Credit Balance Occurred	First Day of Classes	14 Days After First Day of Classes of Payment Period
September 5, 1999	September 10, 1999	September 24, 1999

Example B

No later than 14 calendar days after the balance occurred if the Title IV credit balance occurred *after* the first day of a payment period.

First Day of Classes	Day Title IV Credit Balance Occurred	14 Days After First Title IV Credit Balance Occurred
September 10, 1999	September 20, 1999	October 4, 1999

Example C

No later than 14 calendar days after the date the student or parent rescinds the authorization for the school to hold funds.

Student/Parent Rescinds Authorization	14 Days After Authorization Rescinded
September 13, 1999	September 27, 1999

G. HOLDING TITLE IV CREDIT BALANCES

Holding Title IV Credit Balances With Authorization

The school must:

- identify the student and the amount of funds held for that student in a subsidiary ledger;
- maintain, at all times, cash in its bank account at least equal to the amount of the funds being held; and
- release any remaining balance on loan funds by the end of the loan period and any remaining Title IV funds by the end of the award year.

18

H. OTHER TIMING ISSUES: WHEN IS A "DISBURSEMENT" REALLY A DISBURSEMENT?

- A school may not credit a student's account with Title IV funds until the student is enrolled.

Definition of Enrolled Student

Federal regulations define an enrolled student as one who:

- has completed registration requirements (except for paying tuition and fees) at the school the student is actually attending or
- has been admitted to a correspondence program and submitted one lesson completed by the student after being officially accepted.

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Notes

Early Disbursement

Except for students subject to delayed disbursement, the earliest a school may pay a student directly or credit a student's account with Title IV funds is ten days before:

- the first day of an enrollment period for which the disbursement is intended. This applies to first, second, and subsequent disbursements of Title IV funds, with certain exceptions.

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Notes

Exceptions to Disbursing Title IV Funds Ten Days Before First Day of Enrollment Period

- Students subject to the 30-day delayed disbursement in the FFEL and Direct Loan Programs
- For credit-hour standard term programs:
  - if the loan period is one payment period, the second disbursement of Direct Loan Program funds or the second delivery of FFEL Program funds cannot be made until the calendar midpoint between the first and last scheduled days of classes of the loan period.
- For clock-hour or nonterm credit-hour or nonstandard term programs:
  - the second or subsequent disbursement may not be made until the student has completed all of the hours for which he or she has already been paid.
  - the second disbursement of Direct Loan Program funds or the second delivery of FFEL Program funds cannot be made until the later of:
    - the calendar midpoint between the first and last scheduled days of the loan period or
    - the date, determined by the school, that the student has completed half of the coursework in the loan period for credit hour programs or half the clock hours in the loan period for clock-hour programs.

Delayed Disbursement

- No initial installments of Direct Loans or FFEL funds are credited to the accounts of or paid directly to first-year, first-time borrowers until 30 days after classes begin.
- This requirement does not apply to Federal PLUS loans or certain schools with low default rates.

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- Other disbursement considerations:
  - All FFEL Program loan checks must be delivered within 30 days of receipt.
  - All FFEL Program loan proceeds in the form of EFT or a master check must be delivered within ten business days (three business days as of July 1, 1999).
  - Direct Loans cannot be disbursed without a signed promissory note.
  - School must have a valid ISIR or SAR for a student before disbursing a Federal Pell Grant.
  - FWS wages cannot be paid without a signed time sheet indicating the hours actually worked.
- A quiz on managing funds appears on the next page. Take a few minutes to complete it.

Notes

Test Yourself
Quiz 2

Managing Funds

Michael, a first-time, first-year Title IV participant, is scheduled to receive a Federal Pell Grant and an FFEL Program loan for the upcoming academic year, which begins on September 2. The school is subject to the 30-day delayed disbursement requirement. Your school posts a credit of institutional funds to Michael's account for his Title IV funds on August 11.

1. The disbursement of Michael's Pell Grant officially occurs on:

   a. August 11
   b. August 23
   c. September 2
   d. none of the above

2. The disbursement of Michael's FFEL Program loan officially occurs on:

   a. August 11
   b. August 23
   c. September 2
   d. October 2

3. Michael would like some of his Title IV funds credited to some charges outside of fees, room, and board. What should your school do in response?

   a. Don't take any special action, except to use Michael's funds based on his verbal request for charges covered after tuition, fees, room, and board have been met.

   b. Obtain Michael's written authorization to use his Title IV funds to meet his request.

   c. Tell Michael you are not allowed to use his funds for anything except room, board, books, and supplies.

   d. Cut Michael a check for the amount of these extra charges.

4. After all of Michael's charges are met (October 4), a $100 credit balance remains. Your school must pay Michael $100 by:

   a. October 4
   b. October 11
   c. October 18
   d. the end of the payment period

I. LATE DISBURSEMENTS

Late Disbursements

A school may make a late disbursement:

- for the Pell Grant, FSEOG, and Perkins Loan Programs if the student is no longer enrolled at the school for the award year and
- for the Direct Loan and FFEL Programs if the student is enrolled on at least a half-time basis for the loan period.

22

Late Disbursement Criteria

- Funds must be used to pay for educational costs that the school determines the student incurred for the period in which the student was enrolled and eligible.
- The disbursement must be made no later than 90 days after the student became ineligible.

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Notes

Program-Specific Late Disbursement Criteria

School must have documentation on file before the date the student stopped being eligible:

- Federal Pell Grant: Valid SAR or ISIR.
- Federal Perkins Loan and FSEOG Program award: Documented award to the student.
- Direct Loan: Created an electronic origination record.
- FFEL: Certified loan application.

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- Group Discussion: A case study appears on the next page. This case study places the institution in a difficult situation. Take several minutes to read it and formulate some responses to the case study's questions.

Notes

CASE STUDY — USE OF TITLE IV FUNDS

You are the business officer at AAA College. A number of students left school in the spring with high outstanding balances, and it is too late to process late disbursements of FFEL funds. These students never enrolled for fall classes because the college has a policy that students are not allowed to register for and attend classes if they have an outstanding balance. Facing a significant enrollment shortfall, however, senior management adopts the following strategies:

- The business office will identify all prior-year students who have not yet enrolled for fall classes due to an outstanding balance.
- The business office will send a letter to these students urging them to contact the financial aid office because funds may be available to cover their outstanding balances.
- The financial aid office is instructed to construct a cost of attendance that maximizes books, transportation, and other expenses, to enable students to borrow as much subsidized and unsubsidized FFEL funds as possible.
- The financial aid office is also instructed to revise the award letter so that it lists a student's subsidized and unsubsidized loan eligibility and the amount of Federal PLUS Loan eligibility.
- The business office is instructed to "clear" students with outstanding balances and allow them enroll for fall if FFEL funds for the new academic year can be increased to cover these balances.

A number of students have outstanding balances of $500 to $10,000. They are anxious to return and are willing to sign for any loan amount to attend classes. These same students have excess loan dollars after Title IV funds have been applied to current charges due to the increased cost of attendance.

- As an institution, how do you respond to these strategies?
- What would you communicate to senior management?

5 Returning Title IV Funds

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OBJECTIVES

By the end of this session, you will be able to:

- identify the conditions under which an institution may be required to return Title IV funds,
- understand the procedures for returning Title IV funds, including special requirements for returning funds to a lender,
- describe regulatory refund and repayment requirements,
- explain the differences between the "old" and "new" methods of calculating refunds,
- describe institutional responsibilities and student responsibilities under the "new" method of calculating refunds,
- calculate return of Title IV aid under the "new" method, and
- allocate returns to the appropriate Title IV programs.

RESOURCES

- *The Blue Book*, Chapter 2—General Institutional Responsibilities
- *The Blue Book*, Chapter 4—Requesting, Managing, and Returning Title IV Funds
- *Student Financial Aid Handbook*
- Federal Regulations 34 CFR Parts 668 and 682
- *Direct Loan Reconciliation Game Workbook*
- U.S. Department of Education *Policy Bulletin*, Calculating Institutional Refunds: What are Institutional Charges? (January 7, 1999)

A. DETERMINING WHEN RETURNING TITLE IV FUNDS IS REQUIRED

Returning Title IV Funds

Title IV funds must be returned when a school:

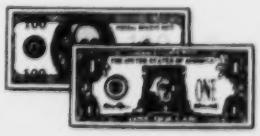
- is holding excess funds,
- is releasing campus-based funds,
- is returning FFEL or Direct Loan proceeds that cannot be delivered because student is no longer eligible, or
- has performed a refund calculation.

1

B. EXCESS CASH

Definition of Excess Cash

Excess cash is any amount of Title IV program funds (except for FFEL Program or Perkins Loan Program funds) that are not disbursed to students by the end of the third business day following receipt of the funds.



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Notes

Reasons Why A School May Have Excess Cash

- Funds were drawn down but not used according to "immediate need" rules.
- A school has no pending disbursements to make or is no longer participating in Title IV programs.
- There was a reduction in reported expenditures on a closed award.
- Interest or investment income on federal funds exceeds amounts allowed.
- The school owes ED for disallowed program expenditures discovered during an audit or program review. Examples include:
  - A school draws down funds and credits a student's account, but the student does not attend school. The school cancels the disbursement and returns the funds to its federal cash account. Depending on the school's cash needs, this action may result in the school having excess cash.
  - A school has excess cash because it drew down more than it disbursed to students. The cash was drawn down and deposited into the school's cash account but never used. During a program review, the reviewer tells the school to return the excess cash or to adjust the school's next drawdown if it is within the allowed time period.
  - A school draws down and disburses funds improperly. These improperly disbursed funds are a liability. The school is also responsible for reimbursing ED for interest on these funds. This situation occurs when a school credits a student's account and fails to cancel the award when the student doesn't attend school and when the school fails to provide matching funds for the campus-based programs.

Exceptions To Excess Cash Definition

- Schools under the just-in-time payment method are exempt since, by definition, they will have no excess cash.
- The amount of cash held by the school falls within regulatory tolerances.

1. Tolerances

Tolerances

Tolerance rules allow a school to have excess cash:

- during peak enrollment periods if it draws down and maintains excess cash of less than 3% of total prior-year drawdowns or
- during nonpeak enrollment periods if it draws down and maintains excess cash of less than 1% of total prior-year drawdowns.

School must eliminate excess cash within 10 days of receipt of funds (3 business days plus 7 tolerance days).

3

- Peak enrollment occurs when at least 25 percent of a school's students start classes during a given 30-day period.

Calculating Peak Enrollment

To calculate the percentage of students who start classes within a given 30-day period:

Step 1: Determine number of students who started classes during that period in prior award year.

Step 2: Determine total number of students who started classes during the entire prior award year.

Step 3: Divide number in step 1 by number in step 2.

Step 4: Multiply result in step 3 by 100.

4

- To determine total prior-year drawdowns, include all Title IV funds, including Direct Loans. Direct Loan schools may also include prior-year FFEL Program loans in their calculations.

Notes

2. Liabilities

Liabilities

If a school maintains excess cash in its account, ED may:

- require the school to reimburse the government for costs incurred by having excess funds held by the school, and
- take action to fine, limit, suspend, or terminate the school's participation in one or more Title IV programs.

5

- Institutional liability is equal to the difference between the earnings any excess cash would have generated if invested under the applicable current value of funds rate and the actual interest earned.

C. METHODS FOR RETURNING FUNDS

- The procedure that a school follows to return funds depends on the circumstances that necessitated the return.

1. Excess Cash

Returning Excess Cash

To return excess cash, the school sends a check to:

U.S. Department of Education
P.O. Box 952023
St. Louis, MO 63195-2023

Remittance should include the school's DUNS number, Document Award number, name and telephone number of a contact, and the reason for the return.

Amounts of $100,000 or more must be returned by FEDWIRE.

6

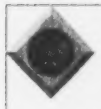
Notes

- See *GAPS Payee Guide* and Section 4.9, pages 4-35 and 4-36, of *The Blue Book* for more information.

2. Closed Award

- A school follows the same procedures for returning excess cash.
- *The Blue Book*, Section 4.9, page 4-35, has information about handling Federal Pell Grant decrease adjustments.

3. Funds From an Audit or Program Review



Returning Funds From an Audit or Program Review

- If a school owes funds:
  - a copy of the FPRD or FADL is sent to ED's Receivables and Cash Receipts Team (RCRT) and
  - RCRT sets up an account receivable.

7

- A school may not account for disallowed funds from an audit or program review by reducing net drawdowns on its GAPS Activity Reports.
- Returned disallowed funds are credited to the school's GAPS account only for open awards.
- A school may not adjust a prior-year FISAP or Pell Grant processed payment information to reflect disallowed expenditures.
- A school may not directly repay FFEL Program lenders or the Direct Loan Servicing Center unless directed by ED.

Notes

4. Interest Earned

- Interest or investment earnings, in excess of amount school may retain, must be returned to ED at least annually.
- Exception is that all Federal Perkins Loan Program funds must be retained and used for authorized activities.

Returning Earned Interest

Schools must return excess interest or investment income by check.

- The check should be sent to:

U.S. Department of Education
P.O. Box 952023
St. Louis, MO 63195-2023

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- The remittance should include the DUNS number, Document Award number, name and telephone number of a contact, and the reason for the return.

D. RELEASING CAMPUS-BASED FUNDS

Releasing Campus-Based Funds

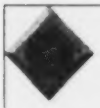
- A school must return unexpended amounts of campus-based funds when it does not use its entire allocation.

9

Notes

E. RETURNING LOAN FUNDS

1. Returning FFEL Funds

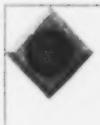


Returning FFEL Funds

FFEL funds must be returned if:

- student fails to enroll,
- student fails to meet satisfactory academic progress or FFEL eligibility requirements at the time loan is to be delivered,
- student withdraws or drops out before funds are delivered,
- refund is due as result of refund calculation, or
- borrower requests school to reduce the loan.

10



Timelines for Delivering FFEL Funds

- FFEL funds received by check must be delivered within 30 days after being received.
- FFEL funds received by EFT or master check must be delivered no later than 10 business days after being received.
  - ▲ Beginning July 1, 1999, EFT and master check funds must be delivered within 3 business days.

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Notes

Withdrawal From School

If a student withdraws from school, school must return funds within 60 days from:

- date student officially withdraws,
- date student is expelled, or
- date school determines the unofficial date of withdrawal.

12

Student Drops Out But Does Not Notify School

If student drops out but does not notify school, school must determine the withdrawal date within 30 days of the earliest of:

- date the school becomes aware the student has dropped out,
- end of the academic term for which the student dropped out, or
- expiration of the enrollment period for which the student was charged.

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Notes

Student Fails to Return From Leave of Absence

If student fails to return from an approved leave of absence, FFEL funds must be returned to lender within 30 days of the earlier of:

- expiration of the approved leave or
- date student notifies school of intention not to return after expiration of leave.

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- If a student fails to return from an unapproved leave of absence, funds must be returned to the lender within 60 days of the last recorded date of attendance.

2. Returning Direct Loan Funds

Returning Direct Loan Funds

If less than $100,000 owed, school pays by check to:

Loan Origination Center
Attn: Excess Cash
P.O. Box 2011
Montgomery, AL 36102-2011

If $100,000 or more owed, school uses FEDWIRE and returns funds to:

Compass Bank Account No. 70726726
ABA # 0620 01186

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Notes

F. REFUNDS AND REPAYMENTS

Refunds and Repayments

Schools have certain responsibilities if a student with Title IV funds:

- officially withdraws,
- drops out,
- is expelled,
- takes an unapproved leave of absence, or
- fails to return from an approved leave of absence.

16

School Options

Schools currently have two options for calculating refunds:

- "new" method where a school must provide for *return of unearned Title IV aid*, or
- "old" method where a school must provide for a *refund of unearned institutional charges* assessed to students who receive Title IV aid.

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Notes

1. The "New" Method: Return of Unearned Title IV Aid

a. Background

"New" Method: Return of Unearned Title IV Aid

Higher Education Amendments of 1998 established the return of unearned Title IV aid provisions. This change is effective:

- October 7, 2000 or
- earlier, if a school chooses to adopt the new provisions.

18

Early Implementation of "New" Method

To adopt early implementation, a school must:

- establish a specific implementation date,
- implement all of the provisions, and
- apply the provisions to all students.

Exception: A school may implement the "new" method only for students who enter after its implementation date and have been officially advised of the new policy.

19

- Some of the provisions of the return of Title IV aid are subject to negotiated rulemaking.

Notes

Features of "New" Return of Funds Method

- Deals with only Title IV aid.
- Applies to all Title IV recipients except for FWS recipients.
- No need to compare method with other policies.
- It does not include the issue of unpaid charges.
- No impact on nonfederal aid.
- Easier to understand and calculate.

20

b. *Earned vs. Unearned Title IV Aid*

Earned vs. Unearned Title IV Aid

Example:

A student completes 50% of the payment period or period of enrollment.

- 50% of the Title IV aid is "earned" for that period.
- 50% of the Title IV aid is "unearned" for that period and must be returned.

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Notes

Treatment of Title IV Funds When a Student Withdraws

Student's Name _____ **Social Security Number** ___ ___

Step 1: Basic Information

	Disbursed	Could Have Been Disbursed
Unsubsidized Stafford Loan		
Subsidized Stafford Loan		
Unsubsidized Direct Loan		
Subsidized Direct Loan		
Perkins Loan		

	Disbursed	Could Have Been Disbursed
Federal PLUS		
Direct PLUS		
Pell Grant		
FSEOG		
Other Title IV Programs (Do not include FWS)		

A. Title IV aid disbursed (NOT aid that could have been disbursed) for the payment or enrollment period **A.** _____

B. Total Title IV aid disbursed, or that could have been disbursed, for the payment or enrollment period **B.** _____

C. Percentage of payment period or enrollment period completed

☐ If school is not required to take attendance and student withdrew without notification, enter 50% in line C (or the school may choose to use a documented attendance date that is past the 50% point)

Withdrawal date ___/___/___ Payment or enrollment period start date ___/___/___ (start date) and end date ___/___/___ (end date)

Calendar days completed in the payment or enrollment period divided by the total calendar days in the payment or enrollment period _____ ÷ _____

OR

Clock hours completed in the payment or enrollment period divided by the total clock hours in the payment or enrollment period

_____ ÷ _____ **C.** _____

D. Institutional charges for the payment or enrollment period **D.** _____

E. Percentage of Title IV aid earned (equal to line C up to 60%, otherwise 100%) **E.** _____

F. Percentage of Title IV aid unearned (100% – line E) **F.** _____

Step 2: Amount of Title IV Aid Earned by Student

G. Percentage of Title IV aid earned (line E) multiplied by Title IV aid disbursed or that could have been disbursed for the payment or enrollment period (line B)

_____ (line E) x _____ (line B) **G.** _____

Step 3: Amount of Title IV Aid Unearned by Student

H. Percentage of Title IV aid unearned (line F) multiplied by Title IV aid disbursed or that could have been disbursed for the payment or enrollment period (line B)

_____ (line F) x _____ (line B) **H.** _____

DRAFT

Treatment of Title IV Funds When a Student Withdraws

Student's Name _____

Step 4: Total Title IV Aid to be Disbursed

I. If the amount of Title IV aid earned (line G) is greater than the amount of Title IV aid disbursed for the payment or enrollment period (line A), subtract the Title IV aid disbursed for the payment or enrollment period (line A) from the amount of Title IV aid earned (line G). This is the amount of disbursement due.

_____ (line G) – _____ (line A) I. _____ (total due)

STOP If a disbursement is due, **DO NOT** complete steps 5-9

Step 5: Amount of Unearned Title IV Aid to be Returned

J. If the amount of Title IV aid earned (line G) is less than the amount of Title IV aid disbursed for the payment or enrollment period (line A), subtract the amount of Title IV aid earned (line G) from Title IV aid disbursed for the payment or enrollment period (line A). This is the amount of Title IV aid that must be returned.

_____ (line A) – _____ (line G) J. _____

Step 6: Amount of Unearned Title IV Aid Due From the SCHOOL

K. Institutional charges for the payment or enrollment period (line D) are multiplied by the percentage of Title IV aid unearned (line F). _____ (line D) x _____ (line F) K. _____

L. Compare the amount of Title IV aid unearned (line H) to line K and enter the lesser amount.

L. _____

DRAFT

Step 7: Funds to be Returned by the SCHOOL

The school must return the unearned aid for which the school is responsible (line L) by repaying funds to the following sources, in the following order, up to the total received from each source until the amount in line L is reached.

	Amount for School to Return	Amount Remaining for the Program		Amount for School to Return	Amount Remaining for the Program
1. Unsubsidized Stafford Loan			6. Federal PLUS		
2. Subsidized Stafford Loan			7. Direct PLUS		
3. Unsubsidized Direct Loan			8. Pell Grant		
4. Subsidized Direct Loan			9. FSEOG		
5. Perkins Loan			10. Other Title IV Programs		

Step 8: Amount of Unearned Title IV Aid Due From the STUDENT

M. The amount of Title IV aid unearned to be returned (line J) minus the amount of Title IV aid due from the school (line L). _____ (line J) – _____ (line L) M. _____

Step 9: Funds to be Returned by the STUDENT

The student (or parent for a PLUS Loan) must return unearned aid for which the student (or parent) is responsible (line M) in the following order:

	Amount for Student to Return	Amount Remaining for the Program		Initial Amount to Return	Amount for Student to Return	Amount Remaining for the Program
1. Unsubsidized Stafford Loan			8. Pell Grant		x 50% =	
2. Subsidized Stafford Loan			9. FSEOG		x 50% =	
3. Unsubsidized Direct Loan			10. Other Title IV Programs			
4. Subsidized Direct Loan						
5. Perkins Loan						
6. Federal PLUS Loan						
7. Direct PLUS Loan						

Remember—Loan amounts are returned according to the terms of the loan.

c. *Process for Returning Unearned Title IV Aid*

Step 1: Basic Information

- Question A: amount of Title IV aid by program that was disbursed for the payment or enrollment period.
- Question B: total amount of Title IV aid that was disbursed *plus* any Title IV aid that could have been disbursed for the payment or enrollment period.

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Step 1: Basic Information (cont'd)

Question C asks you to calculate the percentage of the payment or enrollment period completed.

- Calculate how many calendar days or clock hours were completed.
- Divide days or hours completed by the total number of calendar days or clock hours in the payment or enrollment period.
- If result is greater than 60%, use 100%.

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Notes

Determining Withdrawal Date

- For schools required to take attendance, the school uses the attendance record.
- Otherwise, school uses one of the following:
  - date student began withdrawal process,
  - date student provided official notification of intent to withdraw, or
  - the midpoint of the payment period (or later if documented by the school) if student did not notify school or begin withdrawal process.

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Leaves of Absence

School can grant a student a leave of absence of up to 180 days in any 12-month period if:

- school has a formal policy about leaves of absence,
- student follows school guidelines for requesting a leave, and
- school grants the student's request according to the school's policy.

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Notes

Completing Step 1: Basic Information

- Question D asks for the institutional charges for the payment or enrollment period.
- Question E asks for the percentage of Title IV aid earned.
  - Same percentage as the percentage of payment or enrollment period completed (Question C calculation).
- Question F is the percentage of Title IV aid unearned.
  - Equals 100% minus the percentage of Title IV aid earned (Question E calculation).

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Steps 2 and 3: Calculate Earned and Unearned Title IV Aid

Step 2: Calculate the amount of Title IV aid earned by the student:

- Multiply the total amount of aid that could have been disbursed during the payment or enrollment period by the percentage earned.

Step 3: Calculate the amount of Title IV aid unearned by the student:

- Multiply the total amount of Title IV aid that was disbursed or could have been disbursed by the percentage unearned.

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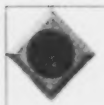
Notes



Step 4: Determine Total Title IV Aid to be Disbursed

Subtract the amount of Title IV aid disbursed during the payment or enrollment period from the amount of Title IV aid earned by the student.

- A positive result indicates a disbursement is due.
- A negative result indicates that unearned Title IV funds need to be returned.

If a disbursement is due, do not complete Steps 5 through 9.

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Step 5: Determine Unearned Title IV Aid to be Returned

If no disbursement is due (based on results of Step 4), calculate the amount of Title IV aid to be returned by subtracting the amount of earned Title IV aid from the total amount of aid disbursed to the student.

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Notes

Step 6: Calculate School's Responsibility

- Multiply the total amount of institutional charges for the payment or enrollment period by the percentage unearned (Step 1).
- Compare this result with the amount of Title IV aid unearned (Step 3).
- The lesser amount is the unearned Title IV aid for which the school is responsible.

30

What is the Order for the Return of Title IV Funds?

1. Unsubsidized Stafford Loans
2. Subsidized Stafford Loans
3. Unsubsidized Direct Loans
4. Subsidized Direct Loans
5. Perkins Loans
6. Federal PLUS Loans
7. Direct PLUS Loans

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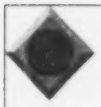
Notes



Order of Return (cont'd)

8. Pell Grants
9. FSEOG
10. Other Title IV programs

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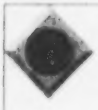

Step 8: Determine Student's Responsibility

The student's responsibility is equal to the total amount of unearned Title IV aid (Step 5) minus the school's responsibility.

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Notes

Special Rules for Student's Responsibility

If student's portion of unearned Title IV is a loan:

- No action is necessary.
- The terms and conditions of the loan take care of the repayment.

If student's portion of unearned Title IV aid is a federal grant:

- The student returns no more than 50% of amount received for the payment/enrollment period.

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- Three case studies using the "new" method for returning Title IV funds are on pages 24 - 32.

Notes

Case Study: New Method for Returning Title IV Aid (Ellen)

Ellen was a terrific high school student, who scored very high on the SAT. Because her academic qualifications are so good and her family isn't very well off, the admissions representative from Skye University told her that the school would cover all her education costs. For the academic year (which consists of fall and spring semesters), the university charges $10,000 for tuition, $200 for fees, and $5,000 for a dormitory room on campus and the meal plan. Books and supplies are estimated at $750 for the year. Ellen has a choice of purchasing these at the university bookstore or a discount bookstore that's a mile down the road from the university.

Ellen decides to go to Skye University. Her financial aid for her freshman year is:

University Grant	$10,000
Pell Grant	$ 3,000
FSEOG	$ 1,000
Subsidized Federal Stafford Loan	$ 1,950 (net amount)

Now that she has arrived on campus, she is starting to have misgivings about her decision to attend college and to borrow money. She completed her student loan entrance counseling in the financial aid office. Her father has been unemployed for several months, and she is concerned about the financial impact on her family. On top of everything else, Skye is a really big school and far from home. She feels very lost.

Ellen is thinking about dropping out and returning to her family. The fall semester started on September 7 and after two weeks of classes, one quiz, two short papers, and many hours of reading, she knows she can handle the work. Still, it all doesn't feel right. She arrives in your office and wants to know how much Title IV money she'll owe if she drops out today. The school has its own refund policy, and Ellen may need to return institutional funds also.

Calculate how much Title IV money the school and Ellen would have to return if she dropped out on September 20, 14 days into the semester counting September 7.* (The semester is 16 weeks [112 days] and ends on December 27.) All aid has been disbursed with the exception of the Federal Stafford Loan, but the student is not subject to the 30-day delayed disbursement.

Use the worksheet to come up with the answers.

*The school may have its own refund policy and, if it does, Ellen will be responsible for paying back the institutional funds the school says she owes.

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Treatment of Title IV Funds When a Student Withdraws

Student's Name Ellen **Social Security Number** — —

Step 1: Basic Information

	Disbursed	Could Have Been Disbursed		Disbursed	Could Have Been Disbursed
Unsubsidized Stafford Loan			Federal PLUS		
Subsidized Stafford Loan			Direct PLUS		
Unsubsidized Direct Loan			Pell Grant		
Subsidized Direct Loan			FSEOG		
Perkins Loan			Other Title IV Programs (Do not include FWS)		

A. Title IV aid disbursed (NOT aid that could have been disbursed) for the payment or enrollment period **A.**

B. Total Title IV aid disbursed, or that could have been disbursed, for the payment or enrollment period **B.**

C. Percentage of payment period or enrollment period completed

☐ If school is not required to take attendance and student withdrew without notification, enter 50% in line C (or the school may choose to use a documented attendance date that is past the 50% point)

Withdrawal date ___/___/___ Payment or enrollment period start date ___/___/___ (start date) and end date ___/___/___ (end date)

Calendar days completed in the payment or enrollment period divided by the total calendar days in the payment or enrollment period

OR

Clock hours completed in the payment or enrollment period divided by the total clock hours in the payment or enrollment period

÷ **C.**

D. Institutional charges for the payment or enrollment period **D.**

E. Percentage of Title IV aid earned (equal to line C up to 60%, otherwise 100%) **E.**

F. Percentage of Title IV aid unearned (100% – line E) **F.**

Step 2: Amount of Title IV Aid Earned by Student

G. Percentage of Title IV aid earned (line E) multiplied by Title IV aid disbursed or that could have been disbursed for the payment or enrollment period (line B)

(line E) x (line B) **G.**

Step 3: Amount of Title IV Aid Unearned by Student

H. Percentage of Title IV aid unearned (line F) multiplied by Title IV aid disbursed or that could have been disbursed for the payment or enrollment period (line B)

(line F) x (line B) **H.**

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Treatment of Title IV Funds When a Student Withdraws

Student's Name Ellen

Step 4: Total Title IV Aid to be Disbursed

I. If the amount of Title IV aid earned (line G) is greater than the amount of Title IV aid disbursed for the payment or enrollment period (line A), subtract the Title IV aid disbursed for the payment or enrollment period (line A) from the amount of Title IV aid earned (line G). This is the amount of disbursement due.

(line G) – (line A) = I. (total due)

STOP If a disbursement is due, **DO NOT** complete steps 5-9

Step 5: Amount of Unearned Title IV Aid to be Returned

J. If the amount of Title IV aid earned (line G) is less than the amount of Title IV aid disbursed for the payment or enrollment period (line A), subtract the amount of Title IV aid earned (line G) from Title IV aid disbursed for the payment or enrollment period (line A). This is the amount of Title IV aid that must be returned.

(line A) – (line G) = J.

Step 6: Amount of Unearned Title IV Aid Due From the SCHOOL

K. Institutional charges for the payment or enrollment period (line D) are multiplied by the percentage of Title IV aid unearned (line F). (line D) x (line F) = K.

L. Compare the amount of Title IV aid unearned (line H) to line K and enter the lesser amount. L.

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Step 7: Funds to be Returned by the SCHOOL

The school must return the unearned aid for which the school is responsible (line L) by repaying funds to the following sources, in the following order, up to the total received from each source until the amount in line L is reached.

	Amount for School to Return	Amount Remaining for the Program		Amount for School to Return	Amount Remaining for the Program
1. Unsubsidized Stafford Loan			6. Federal PLUS		
2. Subsidized Stafford Loan			7. Direct PLUS		
3. Unsubsidized Direct Loan			8. Pell Grant		
4. Subsidized Direct Loan			9. FSEOG		
5. Perkins Loan			10. Other Title IV Programs		

Step 8: Amount of Unearned Title IV Aid Due From the STUDENT

M. The amount of Title IV aid unearned to be returned (line J) minus the amount of Title IV aid due from the school (line L). (line J) – (line L) = M.

Step 9: Funds to be Returned by the STUDENT

The student (or parent for a PLUS Loan) must return unearned aid for which the student (or parent) is responsible (line M) in the following order:

	Amount for Student to Return	Amount Remaining for the Program		Initial Amount to Return	Amount for Student to Return	Amount Remaining for the Program
1. Unsubsidized Stafford Loan			8. Pell Grant	x 50% =		
2. Subsidized Stafford Loan			9. FSEOG	x 50% =		
3. Unsubsidized Direct Loan			10. Other Title IV Programs			
4. Subsidized Direct Loan						
5. Perkins Loan						
6. Federal PLUS Loan						
7. Direct PLUS Loan						

Remember—Loan amounts are returned according to the terms of the loan.

Case Study: New Method for Returning Title IV Aid (Ellen, again)

As it turns out, Ellen didn't drop out after the second week of school. She decided to try to stick it out. You don't hear from her for several weeks. Then, on October 4 (four weeks, that is, 28 days, after school starts), she calls you to announce that she is officially withdrawing from school. She wants to settle her bill. By this time, all her financial aid for the semester has been disbursed.

Revise your calculation of how much money the school and Ellen would have to return to Title IV funds on the basis of her withdrawal as of October 4.

Use the worksheet to come up with the answers.

Treatment of Title IV Funds When a Student Withdraws

Student's Name **Ellen, again** Social Security Number ___ ___

Step 1: Basic Information

	Disbursed	Could Have Been Disbursed		Disbursed	Could Have Been Disbursed
Unsubsidized Stafford Loan			Federal PLUS		
Subsidized Stafford Loan			Direct PLUS		
Unsubsidized Direct Loan			Pell Grant		
Subsidized Direct Loan			FSEOG		
Perkins Loan			Other Title IV Programs (Do not include FWS)		

A. Title IV aid disbursed (NOT aid that could have been disbursed) for the payment or enrollment period **A.**

B. Total Title IV aid disbursed, or that could have been disbursed, for the payment or enrollment period **B.**

C. Percentage of payment period or enrollment period completed

☐ If school is not required to take attendance and student withdrew without notification, enter 50% in line C (or the school may choose to use a documented attendance date that is past the 50% point)

Withdrawal date ___/___/___ Payment or enrollment period start date ___/___/___ (start date) and end date ___/___/___ (end date)

Calendar days completed in the payment or enrollment period divided by the total calendar days in the payment or enrollment period ÷

OR

Clock hours completed in the payment or enrollment period divided by the total clock hours in the payment or enrollment period

÷ **C.**

D. Institutional charges for the payment or enrollment period **D.**

E. Percentage of Title IV aid earned (equal to line C up to 60%, otherwise 100%) **E.**

F. Percentage of Title IV aid unearned (100% – line E) **F.**

Step 2: Amount of Title IV Aid Earned by Student

G. Percentage of Title IV aid earned (line E) multiplied by Title IV aid disbursed or that could have been disbursed for the payment or enrollment period (line B)

(line E) x (line B) **G.**

Step 3: Amount of Title IV Aid Unearned by Student

H. Percentage of Title IV aid unearned (line F) multiplied by Title IV aid disbursed or that could have been disbursed for the payment or enrollment period (line B)

(line F) x (line B) **H.**

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Treatment of Title IV Funds When a Student Withdraws

Student's Name Ellen, again

Step 4: Total Title IV Aid to be Disbursed

I. If the amount of Title IV aid earned (line G) is greater than the amount of Title IV aid disbursed for the payment or enrollment period (line A), subtract the Title IV aid disbursed for the payment or enrollment period (line A) from the amount of Title IV aid earned (line G). This is the amount of disbursement due.

_____ (line G) – _____ (line A) I. _____ (total due)

STOP If a disbursement is due, **DO NOT** complete steps 5-9

Step 5: Amount of Unearned Title IV Aid to be Returned

J. If the amount of Title IV aid earned (line G) is less than the amount of Title IV aid disbursed for the payment or enrollment period (line A), subtract the amount of Title IV aid earned (line G) from Title IV aid disbursed for the payment or enrollment period (line A). This is the amount of Title IV aid that must be returned.

_____ (line A) – _____ (line G) J. _____

Step 6: Amount of Unearned Title IV Aid Due From the SCHOOL

K. Institutional charges for the payment or enrollment period (line D) are multiplied by the percentage of Title IV aid unearned (line F). _____ (line D) x _____ (line F) K. _____

L. Compare the amount of Title IV aid unearned (line H) to line K and enter the lesser amount. L. _____

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Step 7: Funds to be Returned by the SCHOOL

The school must return the unearned aid for which the school is responsible (line L) by repaying funds to the following sources, in the following order, up to the total received from each source until the amount in line L is reached.

	Amount for School to Return	Amount Remaining for the Program		Amount for School to Return	Amount Remaining for the Program
1. Unsubsidized Stafford Loan			6. Federal PLUS		
2. Subsidized Stafford Loan			7. Direct PLUS		
3. Unsubsidized Direct Loan			8. Pell Grant		
4. Subsidized Direct Loan			9. FSEOG		
5. Perkins Loan			10. Other Title IV Programs		

Step 8: Amount of Unearned Title IV Aid Due From the STUDENT

M. The amount of Title IV aid unearned to be returned (line J) minus the amount of Title IV aid due from the school (line L). _____ (line J) – _____ (line L) M. _____

Step 9: Funds to be Returned by the STUDENT

The student (or parent for a PLUS Loan) must return unearned aid for which the student (or parent) is responsible (line M) in the following order:

	Amount for Student to Return	Amount Remaining for the Program		Initial Amount to Return	Amount for Student to Return	Amount Remaining for the Program
1. Unsubsidized Stafford Loan			8. Pell Grant	x 50% =		
2. Subsidized Stafford Loan			9. FSEOG	x 50% =		
3. Unsubsidized Direct Loan			10. Other Title IV Programs			
4. Subsidized Direct Loan						
5. Perkins Loan						
6. Federal PLUS Loan						
7. Direct PLUS Loan						

Remember—Loan amounts are returned according to the terms of the loan.

Case Study: New Method for Returning Title IV Aid (Max)

Max is enrolled in a 900 clock-hour, 30-week culinary program. The tuition and fees for the program come to $2,000. He pays $1,000 for each payment period. For each payment period, he's receiving a $1,300 Perkins Loan, $1,325 Pell Grant, and $250 FSEOG.

He has finished the first 450 hours as scheduled during the 15-week fall payment period. Completing the second 450 clock hours hasn't been so easy because the weather has been so bad. He lives 30 miles from the school in a rural community. The only way for Max to get to the main highway is by taking a series of narrow, winding back roads. With the snow in January, and February not looking much better, he decides to withdraw and complete the program when the weather becomes more cooperative. The second payment period began on January 3. It ends on April 17. Max tells the school he's dropping out on February 2, after he has completed 180 clock hours.

Use the worksheet to calculate how much money the school and Max must return to the Title IV programs.

Treatment of Title IV Funds When a Student Withdraws

Student's Name Max **Social Security Number** — —

Step 1: Basic Information

	Disbursed	Could Have Been Disbursed		Disbursed	Could Have Been Disbursed
Unsubsidized Stafford Loan			Federal PLUS		
Subsidized Stafford Loan			Direct PLUS		
Unsubsidized Direct Loan			Pell Grant		
Subsidized Direct Loan			FSEOG		
Perkins Loan			Other Title IV Programs (Do not include FWS)		

A. Title IV aid disbursed (NOT aid that could have been disbursed) for the payment or enrollment period **A.**

B. Total Title IV aid disbursed, or that could have been disbursed, for the payment or enrollment period **B.**

C. Percentage of payment period or enrollment period completed

☐ If school is not required to take attendance and student withdrew without notification, enter 50% in line C (or the school may choose to use a documented attendance date that is past the 50% point)

Withdrawal date ___/___/___ Payment or enrollment period start date ___/___/___ (start date) and end date ___/___/___ (end date)

Calendar days completed in the payment or enrollment period divided by the total calendar days in the payment or enrollment period ÷

OR

Clock hours completed in the payment or enrollment period divided by the total clock hours in the payment or enrollment period ÷ **C.**

D. Institutional charges for the payment or enrollment period **D.**

E. Percentage of Title IV aid earned (equal to line C up to 60%, otherwise 100%) **E.**

F. Percentage of Title IV aid unearned (100% – line E) **F.**

Step 2: Amount of Title IV Aid Earned by Student

G. Percentage of Title IV aid earned (line E) multiplied by Title IV aid disbursed or that could have been disbursed for the payment or enrollment period (line B)

(line E) x (line B) **G.**

Step 3: Amount of Title IV Aid Unearned by Student

H. Percentage of Title IV aid unearned (line F) multiplied by Title IV aid disbursed or that could have been disbursed for the payment or enrollment period (line B)

(line F) x (line B) **H.**

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Treatment of Title IV Funds When a Student Withdraws

Student's Name Max

Step 4: Total Title IV Aid to be Disbursed

I. If the amount of Title IV aid earned (line G) is greater than the amount of Title IV aid disbursed for the payment or enrollment period (line A), subtract the Title IV aid disbursed for the payment or enrollment period (line A) from the amount of Title IV aid earned (line G). This is the amount of disbursement due.

(line G) – (line A) **I.** (total due)

STOP If a disbursement is due, **DO NOT** complete steps 5-9

Step 5: Amount of Unearned Title IV Aid to be Returned

J. If the amount of Title IV aid earned (line G) is less than the amount of Title IV aid disbursed for the payment or enrollment period (line A), subtract the amount of Title IV aid earned (line G) from Title IV aid disbursed for the payment or enrollment period (line A). This is the amount of Title IV aid that must be returned.

(line A) – (line G) **J.**

Step 6: Amount of Unearned Title IV Aid Due From the SCHOOL

K. Institutional charges for the payment or enrollment period (line D) are multiplied by the percentage of Title IV aid unearned (line F). (line D) x (line F) **K.**

L. Compare the amount of Title IV aid unearned (line H) to line K and enter the lesser amount. **L.**

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Step 7: Funds to be Returned by the SCHOOL

The school must return the unearned aid for which the school is responsible (line L) by repaying funds to the following sources, in the following order, up to the total received from each source until the amount in line L is reached.

	Amount for School to Return	Amount Remaining for the Program		Amount for School to Return	Amount Remaining for the Program
1. Unsubsidized Stafford Loan			6. Federal PLUS		
2. Subsidized Stafford Loan			7. Direct PLUS		
3. Unsubsidized Direct Loan			8. Pell Grant		
4. Subsidized Direct Loan			9. FSEOG		
5. Perkins Loan			10. Other Title IV Programs		

Step 8: Amount of Unearned Title IV Aid Due From the STUDENT

M. The amount of Title IV aid unearned to be returned (line J) minus the amount of Title IV aid due from the school (line L). (line J) – (line L) **M.**

Step 9: Funds to be Returned by the STUDENT

The student (or parent for a PLUS Loan) must return unearned aid for which the student (or parent) is responsible (line M) in the following order:

	Amount for Student to Return	Amount Remaining for the Program		Initial Amount to Return	Amount for Student to Return	Amount Remaining for the Program
1. Unsubsidized Stafford Loan			8. Pell Grant	x 50% =		
2. Subsidized Stafford Loan			9. FSEOG	x 50% =		
3. Unsubsidized Direct Loan			10. Other Title IV Programs			
4. Subsidized Direct Loan						
5. Perkins Loan						
6. Federal PLUS Loan						
7. Direct PLUS Loan						

Remember—Loan amounts are returned according to the terms of the loan.

d. Grant Overpayments

Grant Overpayments

- School collects that portion of the grant owed by the student.
- If school can't collect from the student, it reports the overpayment to NSLDS within 30 days if it determines student owes an overpayment.
- Student loses eligibility for Title IV aid unless the overpayment is paid in full or satisfactory repayment arrangements are made.

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2. Consumer Information Requirements

Consumer Information Requirements

Schools must provide the following consumer information to all enrolled and prospective students:

- all refund policies,
- requirements of the new "return of Title IV aid" procedures, and
- all requirements for officially withdrawing from school.

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Notes

3. Refunds—The "Old" Method

- Schools must provide for a refund of unearned tuition, fees, room and board, and other charges assessed to students who received Title IV aid.
- Chapter 3, Section 4, of the 1998-99 *Federal Student Aid Handbook* contains an in-depth discussion and case studies on refunds and repayments.

Refund and Repayment ("Old" Method)

School provides a refund for unearned tuition, fees, room and board, and other charges.

- Unearned portion returned as a refund on behalf of the student.
- School must also assess if student owes a repayment of unearned funds.

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Excluded Institutional Charges ("Old" Method)

- Administrative fee
- Documented cost of unreturnable equipment
- Documented cost of returned equipment not in good condition

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Notes

Fair and Equitable Refund ("Old" Method)

A school must provide Title IV recipients with a refund that is at least as much as the largest refund under the following three methods:

- a state refund policy under applicable state law or regulations issued by a state agency established through an enforceable regulatory process,
- a refund policy established by a nationally recognized accrediting agency and approved by ED, or
- a pro rata calculation.

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Fair and Equitable Refund ("Old" Method) (cont'd)

To determine largest refund, the school must:

- calculate the results of each method separately,
- compare the results, and
- use the calculation that provides the largest result.

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- In cases where the pro rata calculation does not apply and where no state or accrediting agency standards exist, the school must compare the federal refund calculation with the school's own policy, if one exists. Then the school uses the calculation that produces the larger refund.

Notes

4. Unpaid Charges—The "Old" Method

Unpaid Charges ("Old" Method)

When calculating a refund, a school must first determine a student's unpaid charges.

Total Institutional Charges
-Total Aid Paid to Institutional Charges
=Student's Scheduled Cash Payment
-Student's Cash Paid
=Unpaid Charges

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- Late disbursements of Title IV aid count toward the amount of total aid paid.

Notes

Treatment of Title IV Funds When a Student Withdraws

Student's Name: **Ellen** Social Security Number: **XXX—XX — XXXX**

Step 1: Basic Information

	Disbursed	Could Have Been Disbursed
Unsubsidized Stafford Loan		
Subsidized Stafford Loan		$975
Unsubsidized Direct Loan		
Subsidized Direct Loan		
Perkins Loan		
Federal PLUS		
Direct PLUS		
Pell Grant	$1,500	
FSEOG	$ 500	
Other Title IV Programs (Do not include FWS)		

A. Title IV aid disbursed (NOT aid that could have been disbursed) for the payment or enrollment period — A. **$2,000**

B. Total Title IV aid disbursed, or that could have been disbursed, for the payment or enrollment period — B. **$2,975**

C. Percentage of payment period or enrollment period completed

☐ If school is not required to take attendance and student withdrew without notification, enter 50% in line C (or the school may choose to use a documented attendance date that is past the 50% point)

Withdrawal date **9/20/99** Payment or enrollment period start date **9/7/99** (start date) and end date **12/27/99** (end date)

Calendar days completed in the payment or enrollment period divided by the total calendar days in the payment or enrollment period: **14** ÷ **112**

OR

Clock hours completed in the payment or enrollment period divided by the total clock hours in the payment or enrollment period

[ ] ÷ [ ] C. **12.5%**

D. Institutional charges for the payment or enrollment period — D. **$7,600**

E. Percentage of Title IV aid earned (equal to line C up to 60%, otherwise 100%) — E. **12.5%**

F. Percentage of Title IV aid unearned (100% – line E) — F. **87.5%**

Step 2: Amount of Title IV Aid Earned by Student

G. Percentage of Title IV aid earned (line E) multiplied by Title IV aid disbursed or that could have been disbursed for the payment or enrollment period (line B)

12.5% (line E) x **$2,975** (line B) G. **$371.87**

Step 3: Amount of Title IV Aid Unearned by Student

H. Percentage of Title IV aid unearned (line F) multiplied by Title IV aid disbursed or that could have been disbursed for the payment or enrollment period (line B)

87.5% (line F) x **$2,975** (line B) H. **$2,603.13**

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Treatment of Title IV Funds When a Student Withdraws

Student's Name Ellen

Step 4: Total Title IV Aid to be Disbursed

I. If the amount of Title IV aid earned (line G) is greater than the amount of Title IV aid disbursed for the payment or enrollment period (line A), subtract the Title IV aid disbursed for the payment or enrollment period (line A) from the amount of Title IV aid earned (line G). This is the amount of disbursement due.

$371.87 (line G) – $2,000 (line A) I. –$1,628.13 (total due)

STOP If a disbursement is due, **DO NOT** complete steps 5-9

Step 5: Amount of Unearned Title IV Aid to be Returned

J. If the amount of Title IV aid earned (line G) is less than the amount of Title IV aid disbursed for the payment or enrollment period (line A), subtract the amount of Title IV aid earned (line G) from Title IV aid disbursed for the payment or enrollment period (line A). This is the amount of Title IV aid that must be returned.

$2,000 (line A) – $371.87 (line G) J. $1,628.13

Step 6: Amount of Unearned Title IV Aid Due From the SCHOOL

K. Institutional charges for the payment or enrollment period (line D) are multiplied by the percentage of Title IV aid unearned (line F). $7,600 (line D) x 87.5% (line F) K. $6,650

L. Compare the amount of Title IV aid unearned (line H) to line K and enter the lesser amount. L. $2,603.13

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Step 7: Funds to be Returned by the SCHOOL

The school must return the unearned aid for which the school is responsible (line L) by repaying funds to the following sources, in the following order, up to the total received from each source until the amount in line L is reached.

	Amount for School to Return	Amount Remaining for the Program		Amount for School to Return	Amount Remaining for the Program
1. Unsubsidized Stafford Loan			6. Federal PLUS		
2. Subsidized Stafford Loan	$975	$0	7. Direct PLUS		
3. Unsubsidized Direct Loan			8. Pell Grant	$ 1,500	$0
4. Subsidized Direct Loan			9. FSEOG	$ 128.13	$371.87
5. Perkins Loan			10. Other Title IV Programs		

Step 8: Amount of Unearned Title IV Aid Due From the STUDENT

M. The amount of Title IV aid unearned to be returned (line J) minus the amount of Title IV aid due from the school (line L). $1,628.13 (line J) – $2,603.13 (line L) M. $0

Step 9: Funds to be Returned by the STUDENT

The student (or parent for a PLUS Loan) must return unearned aid for which the student (or parent) is responsible (line M) in the following order:

	Amount for Student to Return	Amount Remaining for the Program		Initial Amount to Return	Amount for Student to Return	Amount Remaining for the Program
1. Unsubsidized Stafford Loan			8. Pell Grant	x 50% =		
2. Subsidized Stafford Loan			9. FSEOG	x 50% =		
3. Unsubsidized Direct Loan			10. Other Title IV Programs			
4. Subsidized Direct Loan						
5. Perkins Loan						
6. Federal PLUS Loan						
7. Direct PLUS Loan						

Remember—Loan amounts are returned according to the terms of the loan.

Treatment of Title IV Funds When a Student Withdraws

Student's Name: **Ellen, again** Social Security Number: **XXX — XX — XXXX**

Step 1: Basic Information

	Disbursed	Could Have Been Disbursed		Disbursed	Could Have Been Disbursed
Unsubsidized Stafford Loan			Federal PLUS		
Subsidized Stafford Loan	$975		Direct PLUS		
Unsubsidized Direct Loan			Pell Grant	$1,500	
Subsidized Direct Loan			FSEOG	$ 500	
Perkins Loan			Other Title IV Programs (Do not include FWS)		

A. Title IV aid disbursed (NOT aid that could have been disbursed) for the payment or enrollment period — A. **$2,975**

B. Total Title IV aid disbursed, or that could have been disbursed, for the payment or enrollment period — B. **$2,975**

C. Percentage of payment period or enrollment period completed

☐ If school is not required to take attendance and student withdrew without notification, enter 50% in line C (or the school may choose to use a documented attendance date that is past the 50% point)

Withdrawal date **10/ 4/99** Payment or enrollment period start date **9/ 7/ 99** (start date) and end date **12/27/ 99** (end date)

Calendar days completed in the payment or enrollment period divided by the total calendar days in the payment or enrollment period: **28** ÷ **112**

OR

Clock hours completed in the payment or enrollment period divided by the total clock hours in the payment or enrollment period

[ ] ÷ [ ] C. **25%**

D. Institutional charges for the payment or enrollment period — D. **$7,600**

E. Percentage of Title IV aid earned (equal to line C up to 60%, otherwise 100%) — E. **25%**

F. Percentage of Title IV aid unearned (100% – line E) — F. **75%**

Step 2: Amount of Title IV Aid Earned by Student

G. Percentage of Title IV aid earned (line E) multiplied by Title IV aid disbursed or that could have been disbursed for the payment or enrollment period (line B)

25% (line E) x **$2,975** (line B) G. **$743.75**

Step 3: Amount of Title IV Aid Unearned by Student

H. Percentage of Title IV aid unearned (line F) multiplied by Title IV aid disbursed or that could have been disbursed for the payment or enrollment period (line B)

75% (line F) x **$2,975** (line B) H. **$2,231.25**

Treatment of Title IV Funds When a Student Withdraws

Student's Name Ellen, again

Step 4: Total Title IV Aid to be Disbursed

I. If the amount of Title IV aid earned (line G) is greater than the amount of Title IV aid disbursed for the payment or enrollment period (line A), subtract the Title IV aid disbursed for the payment or enrollment period (line A) from the amount of Title IV aid earned (line G). This is the amount of disbursement due.

$743.75 (line G) − $2,975 (line A) I. −$2,231.25 (total due)

STOP If a disbursement is due, **DO NOT** complete steps 5-9

Step 5: Amount of Unearned Title IV Aid to be Returned

J. If the amount of Title IV aid earned (line G) is less than the amount of Title IV aid disbursed for the payment or enrollment period (line A), subtract the amount of Title IV aid earned (line G) from Title IV aid disbursed for the payment or enrollment period (line A). This is the amount of Title IV aid that must be returned.

$2,975 (line A) − $743.75 (line G) J. $2,231.25

Step 6: Amount of Unearned Title IV Aid Due from the SCHOOL

K. Institutional charges for the payment or enrollment period (line D) are multiplied by the percentage of Title IV aid unearned (line F). $7,600 (line D) x 75% (line F) K. $5,750

L. Compare the amount of Title IV aid unearned (line H) to line K and enter the lesser amount. L. $2,231.25

DRAFT

Step 7: Funds to be Returned by the SCHOOL

The school must return the unearned aid for which the school is responsible (line L) by repaying funds to the following sources, in the following order, up to the total received from each source until the amount in line L is reached.

	Amount for School to Return	Amount Remaining for the Program		Amount for School to Return	Amount Remaining for the Program
1. Unsubsidized Stafford Loan			6. Federal PLUS		
2. Subsidized Stafford Loan	$975	$0	7. Direct PLUS		
3. Unsubsidized Direct Loan			8. Pell Grant	$1,256.25	$243.75
4. Subsidized Direct Loan			9. FSEOG		
5. Perkins Loan			10. Other Title IV Programs		

Step 8: Amount of Unearned Title IV Due from the STUDENT

M. The amount of Title IV aid unearned to be returned (line J) minus the amount of Title IV aid due from the school (line L). $2,231.25 (line J) − $2,231.25 (line L) M. $0

Step 9: Funds to be Returned by the STUDENT

The student (or parent for a PLUS Loan) must return unearned aid for which the student (or parent) is responsible (line M) in the following order:

	Amount for Student to Return	Amount Remaining for the Program		Initial Amount to Return	Amount for Student to Return	Amount Remaining for the Program
1. Unsubsidized Stafford Loan			8. Pell Grant	x 50% =		
2. Subsidized Stafford Loan			9. FSEOG	x 50% =		
3. Unsubsidized Direct Loan			10. Other Title IV Programs			
4. Subsidized Direct Loan						
5. Perkins Loan						
6. Federal PLUS Loan						
7. Direct PLUS Loan						

Remember—Loan amounts are returned according to the terms of the loan.

Treatment of Title IV Funds When a Student Withdraws

Student's Name Max **Social Security Number** XXX —XX — XXXX

Step 1: Basic Information

	Disbursed	Could Have Been Disbursed		Disbursed	Could Have Been Disbursed
Unsubsidized Stafford Loan			Federal PLUS		
Subsidized Stafford Loan			Direct PLUS		
Unsubsidized Direct Loan			Pell Grant	$1,325	
Subsidized Direct Loan			FSEOG	$ 250	
Perkins Loan	$1,300		Other Title IV Programs (Do not include FWS)		

A. Title IV aid disbursed (NOT aid that could have been disbursed) for the payment or enrollment period — A. $2,875

B. Total Title IV aid disbursed, or that could have been disbursed, for the payment or enrollment period — B. $2,875

DRAFT

C. Percentage of payment period or enrollment period completed

☐ If school is not required to take attendance and student withdrew without notification, enter 50% in line C (or the school may choose to use a documented attendance date that is past the 50% point)

Withdrawal date 2/2/99 Payment or enrollment period start date 1/3/99 (start date) and end date 4/17/99 (end date)

Calendar days completed in the payment or enrollment period divided by the total calendar days in the payment or enrollment period ____ ÷ ____

OR

Clock hours completed in the payment or enrollment period divided by the total clock hours in the payment or enrollment period

180 ÷ 450 — C. 40%

D. Institutional charges for the payment or enrollment period — D. $1,000

E. Percentage of Title IV aid earned (equal to line C up to 60%, otherwise 100%) — E. 40%

F. Percentage of Title IV aid unearned (100% – line E) — F. 60%

Step 2: Amount of Title IV Aid Earned by Student

G. Percentage of Title IV aid earned (line E) multiplied by Title IV aid disbursed or that could have been disbursed for the payment or enrollment period (line B)

40% (line E) x $2,875 (line B) — G. $1,150

Step 3: Amount of Title IV Aid Unearned by Student

H. Percentage of Title IV aid unearned (line F) multiplied by Title IV aid disbursed or that could have been disbursed for the payment or enrollment period (line B)

60% (line F) x $2,875 (line B) — H. $1,725

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Treatment of Title IV Funds When a Student Withdraws

Student's Name Max

Step 4: Total Title IV Aid to be Disbursed

I. If the amount of Title IV aid earned (line G) is greater than the amount of Title IV aid disbursed for the payment or enrollment period (line A), subtract the Title IV aid disbursed for the payment or enrollment period (line A) from the amount of Title IV aid earned (line G). This is the amount of disbursement due.

$1,150 (line G) − $2,875 (line A) I. −$1,725 (total due)

STOP If a disbursement is due, **DO NOT** complete steps 5-9

Step 5: Amount of Unearned Title IV Aid to be Returned

J. If the amount of Title IV aid earned (line G) is less than the amount of Title IV aid disbursed for the payment or enrollment period (line A), subtract the amount of Title IV aid earned (line G) from Title IV aid disbursed for the payment or enrollment period (line A). This is the amount of Title IV aid that must be returned.

$2,875 (line A) − $1,150 (line G) J. $1,725

Step 6: Amount of Unearned Title IV Aid Due From the SCHOOL

K. Institutional charges for the payment or enrollment period (line D) are multiplied by the percentage of Title IV aid unearned (line F). $1,000 (line D) x 60% (line F) K. $600

L. Compare the amount of Title IV aid unearned (line H) to line K and enter the lesser amount. L. $600

DRAFT

Step 7: Funds to be Returned by the SCHOOL

The school must return the unearned aid for which the school is responsible (line L) by repaying funds to the following sources, in the following order, up to the total received from each source until the amount in line L is reached.

	Amount for School to Return	Amount Remaining for the Program		Amount for School to Return	Amount Remaining for the Program
1. Unsubsidized Stafford Loan			6. Federal PLUS		
2. Subsidized Stafford Loan			7. Direct PLUS		
3. Unsubsidized Direct Loan			8. Pell Grant		$1,325
4. Subsidized Direct Loan			9. FSEOG		$250
5. Perkins Loan	$600	$700	10. Other Title IV Programs		

Step 8: Amount of Unearned Title IV Aid Due From the STUDENT

M. The amount of Title IV aid unearned to be returned (line J) minus the amount of Title IV aid due from the school (line L). $1,725 (line J) − $600 (line L) M. $1,125

Step 9: Funds to be Returned by the STUDENT

The student (or parent for a PLUS Loan) must return unearned aid for which the student (or parent) is responsible (line M) in the following order:

	Amount for Student to Return	Amount Remaining for the Program		Initial Amount to Return	Amount for Student to Return	Amount Remaining for the Program
1. Unsubsidized Stafford Loan			8. Pell Grant	$425 x 50% =	$212.50	$1,112.50
2. Subsidized Stafford Loan			9. FSEOG	x 50% =		
3. Unsubsidized Direct Loan			10. Other Title IV Programs			
4. Subsidized Direct Loan						
5. Perkins Loan	$700	$0				
6. Federal PLUS Loan						
7. Direct PLUS Loan						

Remember—Loan amounts are returned according to the terms of the loan.

6 Completing the FISAP

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OBJECTIVES

By the end of this session, you will be able to:

- understand how to report fiscal operations for campus-based programs and
- complete Parts III through VI of the FISAP.

RESOURCES

- *The Blue Book,* Chapter 5—Accounting Procedures for Title IV Programs
- *The Blue Book,* Chapter 6—Title IV Reporting, NSLDS, Audit, Program Review, and Guaranty Agency Procedures
- *The Fiscal Operations Report and Application to Participate (FISAP)* Instructions Booklet

A. COMPLETING THE FISAP

1. Part III: Federal Perkins Loan Program

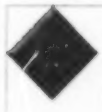
Part III: Federal Perkins Loan

Part III must be completed if:

- a school is a continuing participant in the Federal Perkins Loan Program,
- a school is liquidating its Federal Perkins Loan fund,
- a school did not receive an FCC for the previous award year, but made loans from its fund, or
- a school received Federal Perkins Loan funds for the first time in the previous award year.

1

- A school will need its Federal Perkins Loan Program subsidiary account ledgers to complete Part III.



Part III: Federal Perkins Loan (cont'd)

If a school contracts with a third-party servicer to collect and manage its Federal Perkins Loan fund:

- the school is responsible for the accuracy of the information reported to it by the third-party servicer and
- the school should check its Federal Perkins Loan fund accounts and student records against the fiscal reports provided by the third-party servicer.

2

Notes

a. Section A: Cumulative Fiscal Report

Part III, Section A: Cumulative Fiscal Report

Section A is:

- a historical report of a school's Federal Perkins Loan fund activity from the inception of the program at the school through June 30 of the most recent award year and
- a balance sheet for a school's Federal Perkins Loan fund that must balance.

3

- Schools that close the amounts in each of the income and expense accounts to the fund balance each fiscal year will need to maintain a separate record of the cumulative income and expenses since the inception of the program at their schools to prepare this section.
- New fields 17 and 38 collect data on loans canceled at closed schools.
- Section A asks for an unduplicated, cumulative count of borrowers in the category represented by the field item.

b. Section B: Annual Fund Activity

Part III, Section B: Annual Fund Activity

- Field 1: A school reports its final adjusted FCC.
- Field 2: A school reports FCC transferred to and spent in the FSEOG Program and FWS Program.
- Field 3: A school reports the amount of final adjusted FCC for the previous award year not requested from GAPS by the end of the year.

4

Notes

The final adjusted FCC authorization is calculated as follows:

	FCC authorization in original allocation letter
plus	any supplemental allocation
minus	any allocation amounts released
equals	final adjusted FCC authorization

Part III, Section B: Annual Fund Activity (cont'd)

- Field 4: A school reports the amount of institutional capital contribution (ICC) deposited into its Federal Perkins Loan fund for the previous award year.
- Field 5: A school reports the amount of loans advanced to students in the Federal Perkins Loan fund during the previous award year.
- Field 6: A school reports the administrative cost allowance (ACA) only if the school advanced funds from the program during the previous award year.

5

Part III, Section B: Annual Fund Activity (cont'd)

Field 7: A school reports the total amount of principal and interest repaid by borrowers from all sources during the previous award year, as well as an unduplicated count of borrowers.

6

Notes

Reporting Total Amount Repaid by Borrowers

Total dollar amount repaid includes:	✦ all amounts received as payments against borrowers' loans, regardless of the source of payment ✦ any portion of a payment kept by a collection agency ✦ penalty charges or late fees collected and deposited into the school's Federal Perkins Loan fund
Total dollar amount repaid does **not** include:	✦ collection-firm charges due as collection costs that are over and above the amount of principal and interest collected ✦ interest received from any investments

Part III, Section B: Annual Fund Activity (cont'd)

- Field 8: A school is required to report the name, title, and office telephone number of the school loan officer responsible for Federal Perkins Loan collections if this is a person other than the financial aid administrator or fiscal officer who signs the FISAP.

7

- The field requesting the name and address of billing agents has been eliminated.

c. Section C: Cumulative Repayment Information

Part III, Section C: Cumulative Repayment Information

In Section C, a school analyzes the repayment status of all of its Federal Perkins Loan borrowers as of the end of the previous award year.

- It collects information on the number of borrowers in various repayment categories, their amount lent, and principal amount outstanding.
- A school counts the number of actual borrowers, not the number of loans made.

8

Part III, Section C: Cumulative Repayment Information (cont'd)

- Fields 1.1 and 1.2: A school reports borrowers whose loans are fully retired and those loans purchased by the school.
- Field 2: A school reports on borrowers whose loans were assigned and officially accepted by ED as of the end of the previous award year.

9

Notes

Part III, Section C: Cumulative Repayment Information (cont'd)

- Field 3: A school reports the total number of borrowers not in repayment status.

10

- This includes borrowers:
  - attending the school that made the loans,
  - attending other schools under an authorized in-school deferment, and
  - whose loans are in an initial or post-deferment grace period or whose grace periods have expired.

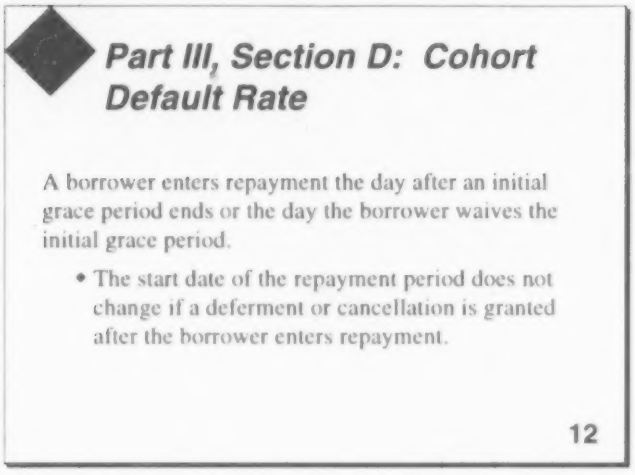
Part III, Section C: Cumulative Repayment Information (cont'd)

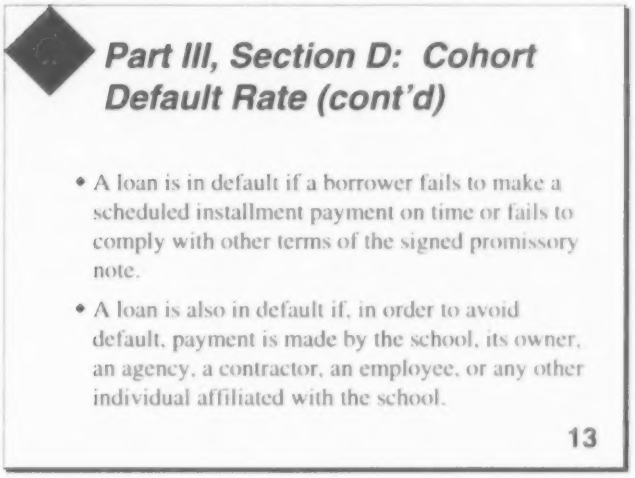
- Fields 5.1 through 5.4: A school reports information on defaulted borrowers whose loan payments are due monthly or less frequently.

11

Notes

d. Section D: Cohort Default Rate—Institutions With 30 or More Borrowers Who Entered Repayment


Part III, Section D: Cohort Default Rate
A borrower enters repayment the day after an initial grace period ends or the day the borrower waives the initial grace period.
• The start date of the repayment period does not change if a deferment or cancellation is granted after the borrower enters repayment.
12


Part III, Section D: Cohort Default Rate (cont'd)
• A loan is in default if a borrower fails to make a scheduled installment payment on time or fails to comply with other terms of the signed promissory note.
• A loan is also in default if, in order to avoid default, payment is made by the school, its owner, an agency, a contractor, an employee, or any other individual affiliated with the school.
13

Notes

Part III, Section D: Cohort Default Rate (cont'd)

- For the purpose of calculating a cohort default rate, default occurs when a payment is not made for:
  - 240 days for loans repaid in monthly installments and 270 days for other loans.

14

- Beginning with the 2000-01 award year, schools must select "Yes" or "No" if they had less than 30 borrowers who entered repayment in the 1997-98 award year. Selecting "Yes" or "No" will automatically deactivate either Section D or Section E in the FISAP software.

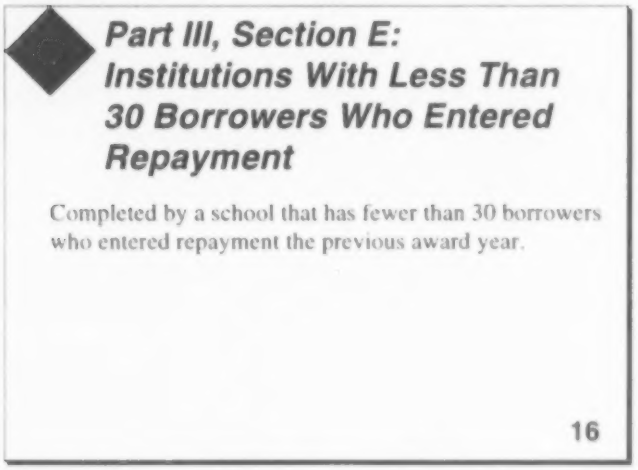
Part III, Section D: Institutions With 30 or More Borrowers Who Entered Repayment

Completed by a school that has 30 or more borrowers who entered repayment the previous award year.

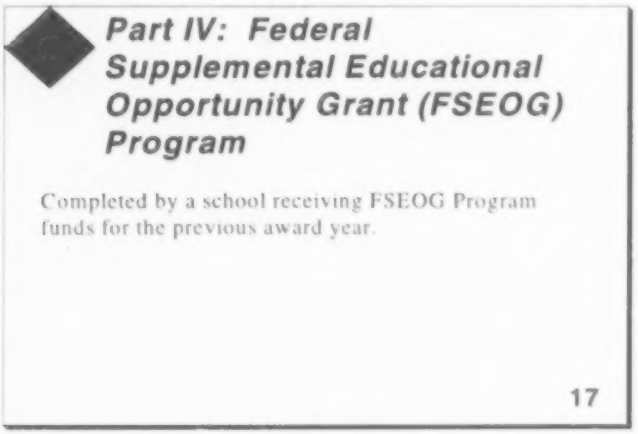
15

Notes

e. Section E: Cohort Default Rate—Institutions With Less Than 30 Borrowers Who Entered Repayment


Part III, Section E:
Institutions With Less Than 30 Borrowers Who Entered Repayment
Completed by a school that has fewer than 30 borrowers who entered repayment the previous award year.
16

2. Part IV: Federal Supplemental Educational Opportunity Grant (FSEOG) Program


Part IV: Federal Supplemental Educational Opportunity Grant (FSEOG) Program
Completed by a school receiving FSEOG Program funds for the previous award year.
17

Notes

a. Section A: Federal Funds Authorized for FSEOG

Part IV, Section A: Federal Funds Authorized for FSEOG

Field 1: A school must report its final adjusted FSEOG authorization. To calculate the final adjusted FSEOG authorization:

	amount authorized in original allocation
plus	any supplemental allocation amounts
minus	any allocation amounts released
equals	final adjusted FSEOG authorization

18

b. Section B: Federal Funds Available for FSEOG Expenditures

Part IV, Section B: Federal Funds Available for FSEOG Expenditures

A school calculates the amount of federal funds available for a school's FSEOG expenditures as follows:

	final adjusted FSEOG authorization
plus	FWS funds transferred to and spent in FSEOG
plus	Federal Perkins Loan FCC funds transferred to and spent in FSEOG
plus	FSEOG funds carried back
plus	additional FSEOG funds carried back and spent for summer enrollment through June 30 of the reporting year
minus	FSEOG funds carried forward
equals	amount of federal funds available

19

- The maximum amount of FWS that may be transferred to FSEOG is 25 percent of the school's original and supplemental FWS allocations for the award year being reported.
- The maximum amount of Federal Perkins Loan funds that may be transferred to FSEOG is 25 percent of the school's original and supplemental Federal Perkins allocations for the award year being reported.
- FSEOG funds may now be carried forward and carried back between award years.

Notes

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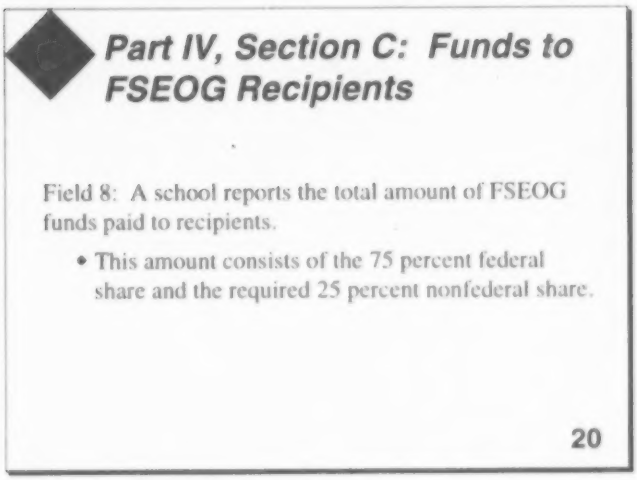
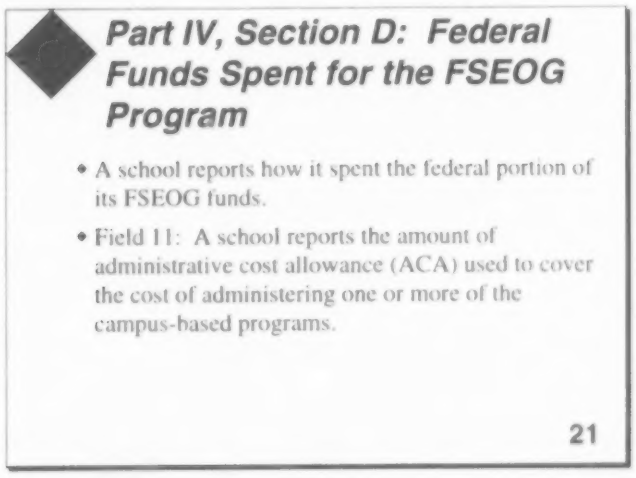
c. Section C: Funds to FSEOG Recipients


Part IV, Section C: Funds to FSEOG Recipients
Field 8: A school reports the total amount of FSEOG funds paid to recipients.
• This amount consists of the 75 percent federal share and the required 25 percent nonfederal share.
20

d. Section D: Federal Funds Spent for FSEOG Program


Part IV, Section D: Federal Funds Spent for the FSEOG Program
• A school reports how it spent the federal portion of its FSEOG funds.
• Field 11: A school reports the amount of administrative cost allowance (ACA) used to cover the cost of administering one or more of the campus-based programs.
21

Notes

e. Section E: Use of Federal FSEOG Authorization

- A school's expended FSEOG allocation is calculated as follows:

	total amount of FSEOG funds spent
minus	amount of FWS funds transferred to and spent in FSEOG
minus	amount of Federal Perkins Loan FCC transferred to and spent in FSEOG
equals	expended FSEOG allocation

Part IV, Section E: Use of Federal FSEOG Authorization; Section F: Misc. Information

- Field 14: A school reports the amount of the unexpended federal portion of FSEOG. This amount is calculated by:

	final adjusted FSEOG authorization
minus	total expended FSEOG allocation
equals	unexpended FSEOG allocation

- Field 15: A school reports prior-year recoveries.

22

f. Section F: Miscellaneous Information

- Schools may now report FSEOG prior-year recoveries for award years 1997-98 back through 1993-94.

3. Part V: Federal Work-Study (FWS) Program

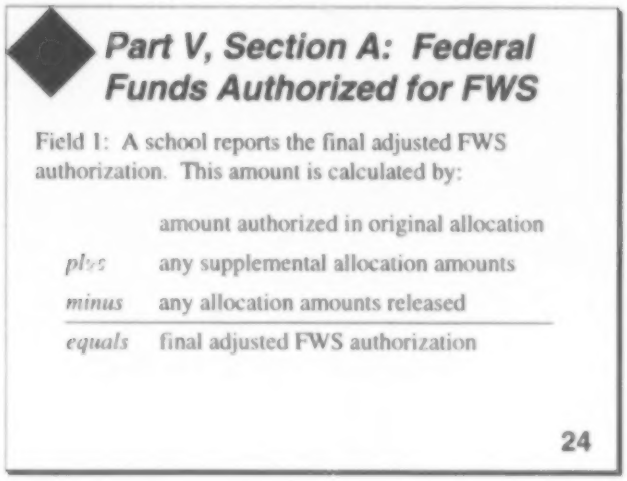
Part V: Federal Work-Study (FWS) Program

A school completes Part V if it received Federal Work-Study (FWS) Program funds the previous award year.

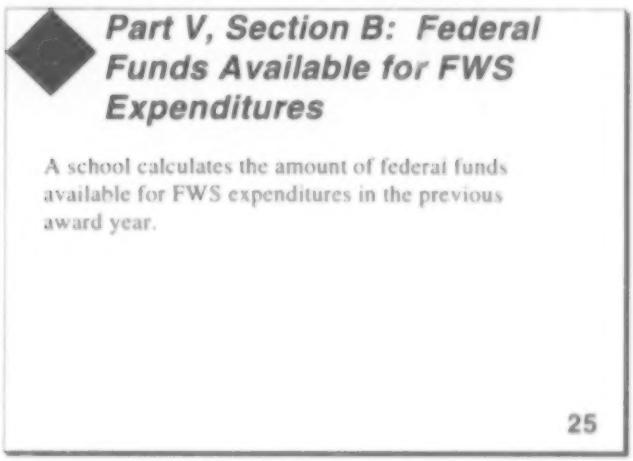
23

Notes

a. Section A: Federal Funds Authorized for FWS


Part V, Section A: Federal Funds Authorized for FWS
Field 1: A school reports the final adjusted FWS authorization. This amount is calculated by:
amount authorized in original allocation
plus any supplemental allocation amounts
minus any allocation amounts released
equals final adjusted FWS authorization
24

b. Section B: Federal Funds Available for FWS Expenditures


Part V, Section B: Federal Funds Available for FWS Expenditures
A school calculates the amount of federal funds available for FWS expenditures in the previous award year.
25

Notes

Part V, Section B: Federal Funds Available for FWS Expenditures (cont'd)

- A school reports the amount of Federal Perkins Loan FCC transferred to FWS.
- A school reports the amount of FWS funds transferred to FSEOG.
- A school reports the amount of FWS funds carried forward and carried back between award years.

26

Notes

c. Section C: Total Compensation for FWS

Part V, Section C: Total Compensation for FWS

A school reports the total amount of earned FWS compensation paid to students during the previous award year.

- This is the gross amount of wages paid and includes taxes and other withholdings.
- The amount must consist of at least 25 percent of nonfederal funds.

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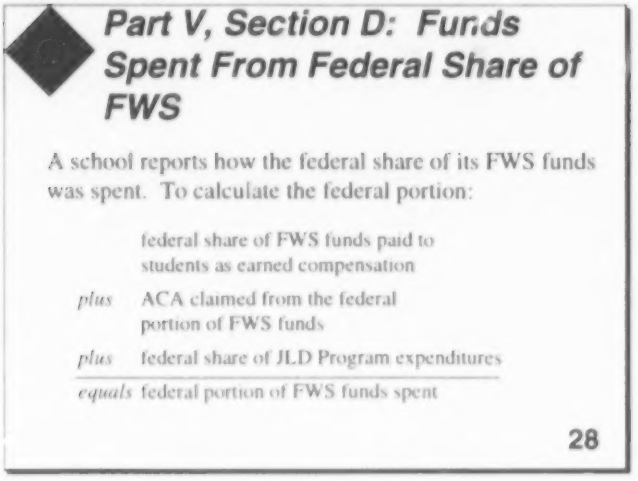
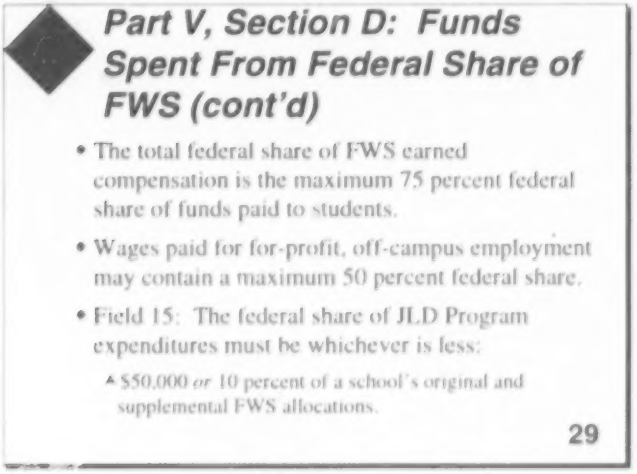
- If the off-campus employer is a private, for-profit organization, the nonfederal share must consist of at least 50 percent of the earned wages.
- If the nonfederal share of the compensation was paid in kind, the in-kind compensation value must be converted to a cash amount.

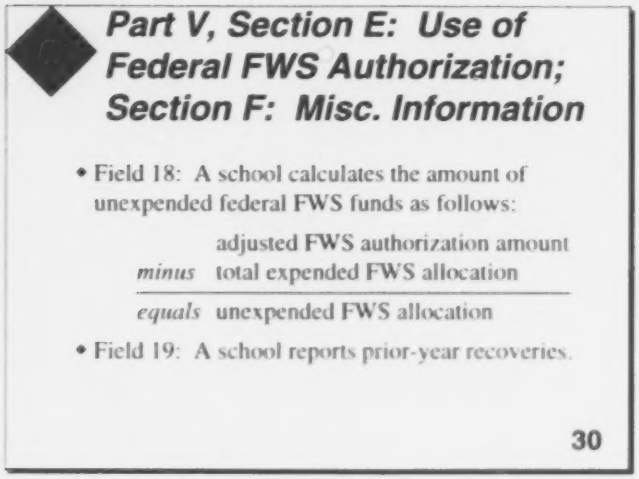
d. Section D: Funds Spent From Federal Share of FWS


Part V, Section D: Funds Spent From Federal Share of FWS
A school reports how the federal share of its FWS funds was spent. To calculate the federal portion:
federal share of FWS funds paid to students as earned compensation
plus ACA claimed from the federal portion of FWS funds
plus federal share of JLD Program expenditures
equals federal portion of FWS funds spent
28


Part V, Section D: Funds Spent From Federal Share of FWS (cont'd)
• The total federal share of FWS earned compensation is the maximum 75 percent federal share of funds paid to students.
• Wages paid for for-profit, off-campus employment may contain a maximum 50 percent federal share.
• Field 15: The federal share of JLD Program expenditures must be whichever is less:
▲ $50,000 or 10 percent of a school's original and supplemental FWS allocations.
29

Notes

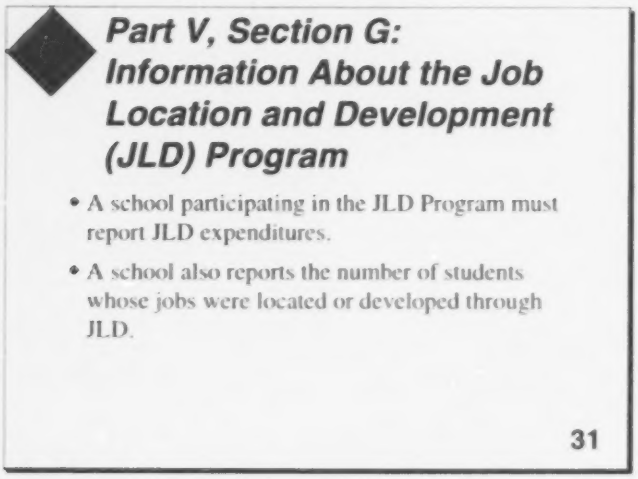
e. Section E: Use of Federal FWS Authorization


Part V, Section E: Use of Federal FWS Authorization; Section F: Misc. Information
• Field 18: A school calculates the amount of unexpended federal FWS funds as follows:
adjusted FWS authorization amount
minus total expended FWS allocation
equals unexpended FWS allocation
• Field 19: A school reports prior-year recoveries.
30

f. Section F: Miscellaneous Information

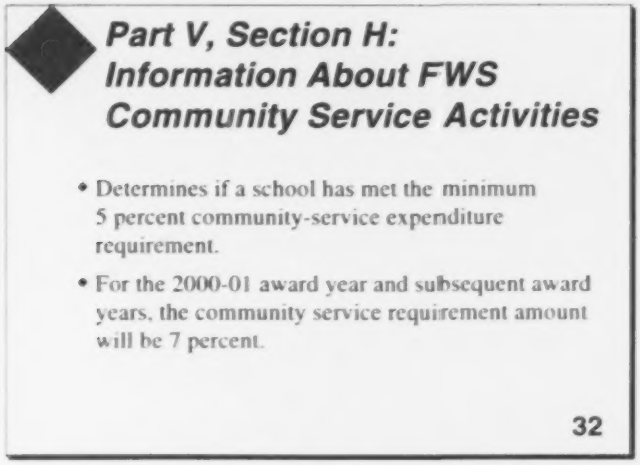
- Schools may now report FWS prior-year recoveries for award years 1997-98 back through 1993-94.

g. Section G: Information About the Job Location and Development (JLD) Program

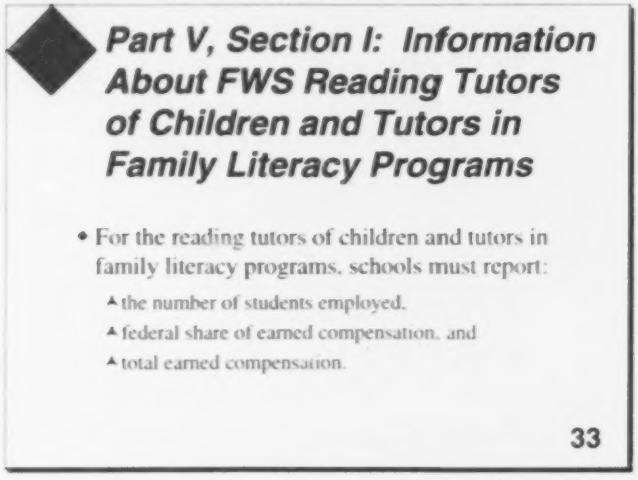

Part V, Section G: Information About the Job Location and Development (JLD) Program
• A school participating in the JLD Program must report JLD expenditures.
• A school also reports the number of students whose jobs were located or developed through JLD.
31

Notes

h. Section H: Information About FWS Community Service Activities


Part V, Section H: Information About FWS Community Service Activities
• Determines if a school has met the minimum 5 percent community-service expenditure requirement.
• For the 2000-01 award year and subsequent award years, the community service requirement amount will be 7 percent.
32

i. Section I: Information About FWS Reading Tutors of Children and Tutors in Family Literacy Programs


Part V, Section I: Information About FWS Reading Tutors of Children and Tutors in Family Literacy Programs
• For the reading tutors of children and tutors in family literacy programs, schools must report:
▲ the number of students employed,
▲ federal share of earned compensation, and
▲ total earned compensation.
33

Notes

4. Part VI: Program Summary

Part VI: Program Summary

- Identifies a school's campus-based aid recipients by type of student and by income category.
- Calculates a school's administrative cost allowance (ACA).

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a. Section A: Distribution of Program Recipients and Expenditures by Type of Student

Part VI, Section A: Distribution of Program Recipients and Expenditures by Type of Student

Completed by a school participating in one or more campus-based programs during the previous award year.

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Notes

Part VI, Section A: Distribution of Program Recipients and Expenditures by Type of Student (cont'd)

- A school reports the distribution of its campus-based aid recipients by type of student: (1) undergraduate dependent, (2) undergraduate independent, and (3) graduate/professional.

36

- If a student falls into more than one category, the student should be reported in the category in which he or she was enrolled during the final term of the previous year, or the final month of the program for schools with a non-traditional calendar.
- Column G, "Unduplicated Recipients," is an unduplicated count of students in each income category.

b. Section B: Calculating Administrative Cost Allowance (ACA)

Part VI, Section B: Calculating Administrative Cost Allowance (ACA)

Completed by a school claiming an administrative cost allowance (ACA).

- The amount of ACA claimed is calculated on the basis of a school's total campus-based program expenditures.
- A school may claim varying percentages of its expenditures as ACA according to the total amount of its program expenditures.

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Notes

Part VI, Section B: Calculating ACA (cont'd)

- ACA may be charged against:
  - cash on hand in a school's Federal Perkins Loan Fund, if the school made Federal Perkins Loans to students during the award year,
  - a school's FSEOG allocation, if the school disbursed FSEOG awards to students during the award year, *or*
  - a school's FWS allocation, if the school paid FWS wages to students during the award year.

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Part VI, Section B: Calculating ACA (cont'd)

- The total of all ACA for all campus-based programs may be charged to one or any combination of programs the school chooses.
  - Exception: ACA cannot be charged against Federal Perkins or FWS funds if the school only transfers these funds to another campus-based program.

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Notes

Tips for Avoiding FISAP Reporting Errors

TIP #1. Before reporting program expenditures on the FISAP, verify and reconcile amounts between the financial aid office and the business office.

- FISAP expenditures for a program where no funds were carried forward or carried back should equal the GAPS drawdown amount for that program's award.
- Unexpended amounts reported on the FISAP will result in the school's award(s) being reduced in GAPS by the unexpended amounts.
- To avoid getting negative balances in GAPS for an award and having to reinstate awards, the expenditures and unexpended balances should be verified with the business office.

TIP #2. In any given school year, first use existing Federal Perkins Loan revolving fund cash on hand for making loans to students.

- If additional cash is needed to make further Federal Perkins Loans, the cash should be drawn down from the school's Federal Perkins Loan award in GAPS.
- Funds that are not drawn down and used for the school year will result in the school's award being reduced in GAPS by the amount reported on the FISAP as not drawn down.

TIP #3. Distribute campus-based program awards for use as administrative cost allowance (ACA) as well as aid to students.

- Funding for ACA comes out of the school's campus-based awards.
- ED does not make a separate payment to reimburse schools for ACA.

TIP #4. Be aware that Section A of Part III: Federal Perkins Loan Program is a balance sheet and income statement combined.

- Total debits always equal total credits in this section because the income lines can be rolled into the balance sheet as retained earnings.

TIP #5. Remember that when a school transfers funds from one program to another, the individual program award authorizations are not changed.

- If part of the federal capital contribution (FCC) is being transferred to FSEOG, a school will draw money down from the FCC account to make FSEOG payments to students.
- For these program transfers, the school gives students aid for one campus-based program using money drawn down from another program.

TIP #6. Be familiar with how ED manages Federal Perkins Loan teacher cancellation payments.

- The cancellation payments are made once each year around July for borrowers engaged in a number of activities that are specified in the Federal Perkins Loan Program regulations (34 CFR 674, Subpart D).
- The payments include interest that was prevented from accruing during the specific award period.
- ED automatically deposits the payments in the school's bank account as specified in GAPS.

Federal Perkins Loan Teacher Cancellation Payments

Loans made prior to July 1, 1972

- ED reimburses school with school's portion of principal and interest on canceled loans.
- School reports this information in Section A, Field 27 of the FISAP for the award period being reimbursed. This includes any adjustments made to prior-year reports.
- This portion of the reimbursement belongs to the school and may be used in any way.

Loans made on or after July 1, 1972 or July 23, 1992, as applicable

- ED reimburses school with both the federal and school portion of principal and interest on canceled loans.
- School reports this information in Section A, Fields 28 through 34 of the FISAP for the specific award period, including any adjustments to prior-year reports.
- This portion of the reimbursement must be deposited into the school's Federal Perkins Loan fund and included in the school's loan activity. However, it should not be considered as an addition to the school's FCC account.
- The federal capital contribution (FCC) /institutional capital contribution (ICC) ratio is not altered by this reimbursement.
- This portion of the reimbursement must be included in Part III, Section A of the FISAP during the next award year.

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FISCAL OPERATIONS REPORT, PART III
NAME OF INSTITUTION _____ DUNS # _____
STATE: __
PART III FEDERAL PERKINS LOAN PROGRAM, SECTION A - FISCAL REPORT (CUMULATIVE) AS OF JUNE 30, 1999

FIELD	ITEM	(A)	NO OF BORROWERS (B)	DEBIT BALANCES (C)	CREDIT BALANCES (D)
1.1	CASH ON HAND AND IN DEPOSITORY AS OF 6/30/1999			$ _____	
1.2	CASH ON HAND AND IN DEPOSITORY AS OF 10/31/1999	$ _____			
2	FUNDS RECEIVABLE FROM FEDERAL GOVERNMENT			$ _____	
3	FUNDS RECEIVABLE FROM INSTITUTION			$ _____	
4	FUNDS ADVANCED TO STUDENTS		_____	$ _____	
5	LOAN PRINCIPAL COLLECTED		_____		$ _____
6	LOAN PRINCIPAL ASSIGNED TO AND ACCEPTED BY THE UNITED STATES		_____		$ _____
7	TOTAL LOAN PRINCIPAL CANCELED ON LOANS MADE PRIOR TO 07/01/1972 FOR TEACHING/MILITARY SERVICE		_____		$ _____
8	LOAN PRINCIPAL CANCELED FOR CERTAIN SUBJECT MATTER TEACHING SERVICE MATH, SCIENCE, FOREIGN LANGUAGES, BILINGUAL EDUCATION)		_____		$ _____
9	LOAN PRINCIPAL CANCELED FOR ALL OTHER AUTHORIZED TEACHING SERVICE		_____		$ _____
10	LOAN PRINCIPAL CANCELED FOR MILITARY SERVICE ON LOANS MADE 07/01/1972 AND AFTER		_____		$ _____
11	LOAN PRINCIPAL CANCELED FOR VOLUNTEER SERVICE		_____		$ _____
12	LOAN PRINCIPAL CANCELED FOR LAW ENFORCEMENT AND CORRECTIONS OFFICER SERVICE		_____		$ _____
13	LOAN PRINCIPAL CANCELED FOR CHILD/FAMILY/EARLY INTERVENTION SERVICE		_____		$ _____
14	LOAN PRINCIPAL CANCELED FOR NURSE/MEDICAL TECHNICIAN SERVICE		_____		$ _____
15	LOAN PRINCIPAL CANCELED - DEATH/DISABILITY		_____		$ _____
16	LOAN PRINCIPAL CANCELED - BANKRUPTCY		_____		$ _____
17	LOAN PRINCIPAL CANCELED FOR LOANS DISCHARGED DUE TO CLOSED SCHOOLS		_____		$ _____
18	LOAN PRINCIPAL ADJUSTMENTS - OTHER		_____		$ _____
19	FEDERAL CAPITAL CONTRIBUTIONS				$ _____
20	REPAYMENTS OF FUND CAPITAL TO FEDERAL GOVERNMENT			$ _____	
21	INSTITUTIONAL CAPITAL CONTRIBUTIONS				$ _____
22	REPAYMENTS OF FUND CAPITAL TO INSTITUTION			$ _____	
23	INTEREST INCOME ON LOANS				$ _____
24	OTHER INCOME				$ _____
25	REIMBURSEMENTS TO THE FUND OF AMOUNTS CANCELED ON LOANS MADE 07/01/1972 AND AFTER				$ _____
26.1	ADMINISTRATIVE COST ALLOWANCE	$ _____			
26.2	COLLECTION COSTS	$ _____			
26.3	ADMINISTRATIVE COST ALLOWANCE AND COLLECTION COSTS (CONTROL)			$ _____	
27	COST OF LOAN PRINCIPAL AND INTEREST CANCELED FOR TEACHING/MILITARY SERVICE ON LOANS MADE PRIOR TO 07/01/1972			$ _____	
28	COST OF LOAN PRINCIPAL AND INTEREST CANCELED FOR CERTAIN SUBJECT MATTER TEACHING SERVICE (MATH, SCIENCE, FOREIGN LANGUAGES, BILINGUAL EDUCATION)			$ _____	
29	COST OF LOAN PRINCIPAL AND INTEREST CANCELED FOR ALL OTHER AUTHORIZED TEACHING SERVICE ON LOANS MADE 07/01/1972 AND AFTER			$ _____	
30	COST OF LOAN PRINCIPAL AND INTEREST CANCELED FOR MILITARY SERVICE ON LOANS MADE 07/01/1972 AND AFTER			$ _____	
31	COST OF LOAN PRINCIPAL AND INTEREST CANCELED FOR VOLUNTEER SERVICE IN THE PEACE CORPS OR UNDER THE DOMESTIC VOLUNTEER SERVICE ACT OF 1973			$ _____	
32	COST OF LOAN PRINCIPAL AND INTEREST CANCELED FOR LAW ENFORCEMENT AND CORRECTIONS OFFICER SERVICE			$ _____	
33	COST OF LOAN PRINCIPAL AND INTEREST CANCELED FOR CHILD/FAMILY/EARLY INTERVENTION SERVICE			$ _____	
34	COST OF LOAN PRINCIPAL AND INTEREST CANCELED FOR NURSE/MEDICAL TECHNICIAN SERVICE			$ _____	
35	COST OF LOAN PRINCIPAL AND INTEREST CANCELED BECAUSE OF DEATH/DISABILITY			$ _____	
36	COST OF LOAN PRINCIPAL AND INTEREST CANCELED BECAUSE OF BANKRUPTCY			$ _____	
37	COST OF LOAN PRINCIPAL AND INTEREST ASSIGNED TO AND ACCEPTED BY THE UNITED STATES			$ _____	
38	COST OF LOAN PRINCIPAL AND INTEREST CANCELED FOR LOANS DISCHARGED DUE TO CLOSED SCHOOLS			$ _____	
39	OTHER COSTS OR LOSSES			$ _____	
40	TOTAL DEBITS AND CREDITS (SUM OF FIELDS 1 THROUGH 39)			$ _____	$ _____

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FISCAL OPERATIONS REPORT, PART III
NAME OF INSTITUTION: _____ DUNS # _____
STATE: __

SECTION B. FUND ACTIVITY (ANNUAL) DURING THE 1998-1999 AWARD YEAR (JULY 1, 1998 THROUGH JUNE 30, 1999)

		AMOUNT
1.	FINAL ADJUSTED FEDERAL CAPITAL CONTRIBUTION (FCC) AUTHORIZATION	$ _____
2.	FCC TRANSFERRED TO: a. FSEOG b. FWS	 $ _____ $ _____
3.	AMOUNT OF ADJUSTED AUTHORIZED FEDERAL CAPITAL CONTRIBUTION FOR AWARD YEAR 1998-1999 NOT REQUESTED FROM GAPS BY JUNE 30, 1999 (YOUR AWARD WILL BE REDUCED BY THIS AMOUNT NEXT SPRING. SEE INSTRUCTIONS)	$ _____
4.	INSTITUTIONAL CAPITAL CONTRIBUTION (ICC) DEPOSITED INTO THE LOAN FUND BETWEEN JULY 1, 1998 AND JUNE 30, 1999.	$ _____
5.	LOANS ADVANCED TO STUDENTS FROM THE LOAN FUND DURING THE 1998-1999 AWARD YEAR (MINUS 1998-1999 AWARD YEAR REFUNDS)	$ _____
6.	ADMINISTRATIVE COST ALLOWANCE CLAIMED FOR THE 1998-1999 AWARD YEAR (SEE INSTRUCTIONS)	$ _____

		NUMBER OF BORROWERS (A)	AMOUNT (B)
7.	TOTAL PRINCIPAL AND INTEREST REPAID BY BORROWERS FROM ALL SOURCES DURING THE 1998-1999 AWARD YEAR	_____	$ _____

8. IF YOUR INSTITUTION HAS A LOAN OFFICER RESPONSIBLE FOR ADMINISTERING FEDERAL PERKINS LOAN PROGRAM COLLECTIONS (OTHER THAN THE FINANCIAL AID ADMINISTRATOR OR CHIEF FISCAL OFFICER IDENTIFIED IN PART I, SECTION B), PROVIDE THE FOLLOWING INFORMATION:

NAME: _____
TITLE: _____
TELEPHONE NUMBER: (__) ___-____
(INCLUDING AREA CODE)

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FISCAL OPERATIONS REPORT, PART III
NAME OF INSTITUTION _____ DUNS # _____
STATE: __

SECTION C - CUMULATIVE REPAYMENT INFORMATION AS OF JUNE 30, 1999

STATUS OF BORROWERS AS OF JUNE 30, 1999 (A)	NUMBER OF BORROWERS (B)	AMOUNT LENT (C)	PRINCIPAL AMOUNT OUTSTANDING (D)
1.1 BORROWERS WHOSE LOANS ARE FULLY REPAID	_____	_____	
1.2 LOANS THAT HAVE BEEN PURCHASED $_____			
2. BORROWERS WHOSE LOANS WERE ASSIGNED TO AND OFFICIALLY ACCEPTED BY THE DEPARTMENT OF EDUCATION AS OF JUNE 30, 1999	_____	_____	_____
3 TOTAL BORROWERS NOT IN REPAYMENT STATUS	_____		_____
4. BORROWERS ON SCHEDULE IN REPAYMENT STATUS	_____		_____
5.1 IN DEFAULT LESS THAN 240 DAYS (MONTHLY INSTALLMENTS) OR LESS THAN 270 DAYS (OTHER INSTALLMENTS)	_____	_____	_____
5.2 IN DEFAULT 240 DAYS OR MORE (MONTHLY INSTALLMENTS) OR 270 DAYS OR MORE (OTHER INSTALLMENTS), UP TO 2 YEARS	_____	_____	_____
5.3 IN DEFAULT MORE THAN 2 YEARS, UP TO 5 YEARS	_____	_____	_____
5.4 IN DEFAULT MORE THAN 5 YEARS	_____	_____	_____

COHORT DEFAULT RATE

MY INSTITUTION HAD LESS THAN 30 BORROWERS WHO ENTERED REPAYMENT IN THE 1997-1998 AWARD YEAR ___ YES ___ NO

SECTION D. INSTITUTIONS WITH 30 OR MORE BORROWERS WHO ENTERED REPAYMENT IN THE 1997-1998 AWARD YEAR:

1.1 NUMBER OF BORROWERS WHO ENTERED REPAYMENT IN 1997-1998 0

1.2 ENTER THE NUMBER OF BORROWERS IN FIELD 1.1 ABOVE WITH LOANS IN DEFAULT BY JUNE 30, 1999 0

1.3 COHORT DEFAULT RATE (FIELD 1.2 /FIELD 1.1 * 100) 0.0

SECTION E. INSTITUTIONS WITH LESS THAN 30 BORROWERS WHO ENTERED REPAYMENT IN THE 1997-1998 AWARD YEAR:

2.1 NUMBER OF BORROWERS WHO ENTERED REPAYMENT IN:		2.2 NUMBER OF BORROWERS WITH LOANS IN DEFAULT BY:	
(a) 1995-1996 (07/01/1995 - 06/30/1996)	0	(a) JUNE 30, 1997 (THOSE IN 2.1(a) ONLY)	0
(b) 1996-1997 (07/01/1996 - 06/30/1997)	0	(b) JUNE 30, 1998 (THOSE IN 2.1(b) ONLY)	0
(c) 1997-1998 (07/01/1997 - 06/30/1998)	0	(c) JUNE 30, 1999 (THOSE IN 2.1(c) ONLY)	0

2.3 TOTAL NUMBER OF BORROWERS WHO ENTERED REPAYMENT DURING THE THREE YEARS (2.1(a) + 2.1(b) + 2.1(c)) 0

2.4 TOTAL NUMBER OF BORROWERS WITH LOANS IN DEFAULT (2.2(a) + 2.2(b) + 2.2(c)) 0

2.5 COHORT DEFAULT RATE (FIELD 2.4 /FIELD 2.3 * 100) 0.0

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FISCAL OPERATIONS REPORT, PART IV
NAME OF INSTITUTION: _____ DUNS # _____
STATE: __

PART IV FEDERAL SUPPLEMENTAL EDUCATIONAL OPPORTUNITY GRANT (FSEOG) PROGRAM
FOR AWARD YEAR JULY 1, 1998 THROUGH JUNE 30, 1999

SECTION A. FEDERAL FUNDS AUTHORIZED FOR FSEOG

1. FINAL ADJUSTED FSEOG AUTHORIZATION $ _____

SECTION B. FEDERAL FUNDS AVAILABLE FOR FSEOG EXPENDITURES

2. FWS FUNDS TRANSFERRED TO AND SPENT IN FSEOG + $ _____

3. FEDERAL PERKINS FCC FUNDS TRANSFERRED TO AND SPENT IN FSEOG + $ _____

4. 1999-2000 FUNDS CARRIED BACK AND SPENT IN 1998-1999 + $ _____

5. ADDITIONAL 1999-2000 FUNDS CARRIED BACK AND SPENT FOR SUMMER ENROLLMENT THROUGH JUNE 30, 1999 + $ _____

6. 1998-1999 FUNDS CARRIED FORWARD TO BE SPENT IN 1999-2000 - $ _____

7. FEDERAL FUNDS AVAILABLE FOR FSEOG (FIELDS 1 + 2 + 3 + 4 + 5 - 6) $ _____

SECTION C. FUNDS TO FSEOG RECIPIENTS

8. TOTAL FUNDS TO FSEOG RECIPIENTS (FIELDS 9 + 10) $ _____

9. NON-FEDERAL SHARE OF FUNDS TO FSEOG RECIPIENTS (25% OF FIELD 8) $ _____

a. CASH OUTLAY CONTRIBUTED $ _____
b. OTHER INSTITUTIONAL RESOURCES DESIGNATED $ _____

SECTION D. FEDERAL FUNDS SPENT FOR FSEOG PROGRAM

10. FEDERAL SHARE OF FUNDS TO FSEOG RECIPIENTS (75% OF FIELD 8) $ _____

11. ADMINISTRATIVE COST ALLOWANCE CLAIMED + $ _____

12. FEDERAL FUNDS SPENT FOR FSEOG (FIELDS 10 + 11) $ _____

SECTION E. USE OF FEDERAL FSEOG AUTHORIZATION

13. EXPENDED FSEOG AUTHORIZATION (FIELDS 6 + 12 - 2 - 3 - 4 - 5) $ _____

14. UNEXPENDED FSEOG AUTHORIZATION (FIELD 1 - FIELD 13) (CANNOT BE NEGATIVE) $ _____

SECTION F. MISCELLANEOUS INFORMATION

15. PRIOR YEAR RECOVERIES
(a) 1997-1998 $ _____
(b) 1996-1997 $ _____
(c) 1995-1996 $ _____
(d) 1994-1995 $ _____
(e) 1993-1994 $ _____

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FISCAL OPERATIONS REPORT, PART V
NAME OF INSTITUTION: _____ DUNS # _____
STATE: __

PART V. FEDERAL WORK-STUDY (FWS) PROGRAM
FOR AWARD YEAR JULY 1, 1998 THROUGH JUNE 30, 1999

SECTION A. FEDERAL FUNDS AUTHORIZED FOR FWS

1. FINAL ADJUSTED FWS AUTHORIZATION $ _____

SECTION B. FEDERAL FUNDS AVAILABLE FOR FWS EXPENDITURES

2. FEDERAL PERKINS FCC FUNDS TRANSFERRED TO AND SPENT IN FWS + $ _____
3. FWS FUNDS TRANSFERRED TO AND SPENT IN PERKS - $ _____
4. 1999-2000 FUNDS CARRIED BACK AND SPENT IN 1998-1999 + $ _____
5. ADDITIONAL 1999-2000 FUNDS CARRIED BACK AND SPENT FOR 1999 SUMMER EMPLOYMENT + $ _____
6. 1997-1998 FUNDS CARRIED FORWARD AND SPENT IN 1998-1999 + $ _____
7. 1998-1999 FUNDS CARRIED FORWARD TO BE SPENT IN 1999-2000 - $ _____
8. 1998-1999 FUNDS CARRIED BACK AND SPENT IN 1997-1998 - $ _____
9. ADDITIONAL 1998-1999 FUNDS CARRIED BACK AND SPENT FOR 1998 SUMMER EMPLOYMENT - $ _____
10. TOTAL FUNDS AVAILABLE FOR 1998-1999 (FIELDS 1 + 2 - 3 + 4 + 5 + 6 - 7 - 8 - 9) $ _____

SECTION C. TOTAL COMPENSATION FOR FWS

11. TOTAL EARNED COMPENSATION FOR FWS PROGRAM $ _____
    a. ON-CAMPUS EXPENDITURES $ _____
    b. OFF-CAMPUS EXPENDITURES AT PUBLIC OR PRIVATE NON-PROFIT AGENCIES $ _____
    c. OFF-CAMPUS EXPENDITURES IN THE PRIVATE (FOR PROFIT) SECTOR $ _____
12. TOTAL INSTITUTIONAL SHARE OF EARNED COMPENSATION (SEE INSTRUCTIONS) $ _____

SECTION D. FUNDS SPENT FROM FEDERAL SHARE OF FWS

13. TOTAL FEDERAL SHARE OF FWS EARNED COMPENSATION $ _____
    a. COMPENSATION AT FEDERAL SHARE NOT TO EXCEED 75% (UNLESS WAIVER APPLIES) $ _____
    b. OFF-CAMPUS PRIVATE (FOR PROFIT) SECTOR COMPENSATION AT FEDERAL SHARE NOT TO EXCEED 50% $ _____
14. ADMINISTRATIVE COST ALLOWANCE CLAIMED + $ _____
15. FEDERAL SHARE OF JOB LOCATION AND DEVELOPMENT PROGRAM EXPENDITURES + $ _____
16. TOTAL FEDERAL FUNDS SPENT FOR FWS (SUM OF FIELDS 13 THROUGH 15) $ _____

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FISCAL OPERATIONS REPORT, PART V
NAME OF INSTITUTION: _____ DUNS # _____
STATE: __

SECTION E. USE OF FEDERAL FWS AUTHORIZATION

17. EXPENDED FWS AUTHORIZATION (FIELDS 3 + 7 + 8 + 9 + 16) MINUS (FIELDS 2 + 4 + 5 + 6) $ _____

18. UNEXPENDED FWS AUTHORIZATION (FIELD 1 - FIELD 17) $ _____

SECTION F. MISCELLANEOUS INFORMATION

19. PRIOR YEAR RECOVERIES

(a) 1997-1998	$	_____
(b) 1996-1997	$	_____
(c) 1995-1996	$	_____
(d) 1994-1995	$	_____
(e) 1993-1994	$	_____

SECTION G. INFORMATION ABOUT THE JOB LOCATION AND DEVELOPMENT PROGRAM (JLD)

20. TOTAL EXPENDITURES FOR THE JOB LOCATION AND DEVELOPMENT PROGRAM $ _____

21. INSTITUTIONAL EXPENDITURES FOR THE JLD PROGRAM (SEE INSTRUCTIONS) $ _____

22. NUMBER OF STUDENTS FOR WHOM JOBS WERE LOCATED OR DEVELOPED _____

23. TOTAL EARNINGS OF THE STUDENTS IN FIELD 22 ABOVE $ _____

SECTION H. INFORMATION ABOUT FWS COMMUNITY SERVICE ACTIVITIES

24. NUMBER OF STUDENTS IN COMMUNITY SERVICE EMPLOYMENT _____

25. FEDERAL SHARE OF COMMUNITY SERVICE EARNED COMPENSATION $ _____

26. NON-FEDERAL SHARE OF COMMUNITY SERVICE EARNED COMPENSATION $ _____

SECTION I. INFORMATION ABOUT FWS READING TUTORS OF CHILDREN AND TUTORS IN FAMILY LITERACY PROGRAMS

27. NUMBER OF STUDENTS EMPLOYED AS FWS READING TUTORS OF CHILDREN AND TUTORS IN FAMILY LITERACY PROGRAMS _____

28. FEDERAL SHARE OF EARNED COMPENSATION FOR FWS READING TUTORS OF CHILDREN AND TUTORS IN FAMILY LITERACY PROGRAMS $ _____

29. TOTAL EARNED COMPENSATION FOR FWS READING TUTORS OF CHILDREN AND TUTORS IN FAMILY LITERACY PROGRAMS $ _____

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FISCAL OPERATIONS REPORT, PART VI
NAME OF INSTITUTION: _____ D&B # _____
STATE: __

PART VI. PROGRAM SUMMARY FOR AWARD YEAR JULY 1, 1998 THROUGH JUNE 30, 1999

SECTION A. DISTRIBUTION OF PROGRAM RECIPIENTS AND EXPENDITURES BY TYPE OF STUDENT

TAXABLE & UNTAXED INCOME CATEGORY / STUDENT TYPE	FEDERAL PERKINS LOAN (A) RECIPIENTS	(B) FUNDS	FSEOG (C) RECIPIENTS	(D) FUNDS	FWS (E) RECIPIENTS	(F) FUNDS	(G) UNDUPLICATED RECIPIENTS
UNDERGRADUATE DEPENDENT							
1. $ 0 - $ 5,999							
2. $ 6,000 - $11,999							
3. $12,000 - $23,999							
4. $24,000 - $29,999							
5. $30,000 - $41,999							
6. $42,000 - $59,999							
7. $60,000 AND OVER							
UNDERGRADUATE INDEPENDENT							
8. $ 0 - $ 1,999							
9. $ 2,000 - $ 3,999							
10. $ 4,000 - $ 7,999							
11. $ 8,000 - $11,999							
12. $12,000 - $15,999							
13. $16,000 - $19,999							
14. $20,000 AND OVER							
15. GRADUATE/PROFESSIONAL			DOES NOT APPLY	DOES NOT APPLY			
16. TOTAL							
17. TOTAL LESS THAN FULL TIME STUDENTS							
18. TOTAL "AUTOMATIC" ZERO EFC STUDENTS							

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FISCAL OPERATIONS REPORT, PART VI
NAME OF INSTITUTION: _____ DUNS # _____
STATE: __

Administrative Cost Allowance Worksheet (Worksheet must be retained for audit and program reviews)

Section B. Calculating the Administrative Cost Allowance

STEP 1 Calculate the amount spent in 1998-1999 on which the Administrative Cost Allowance is based:

1. Total compensation in FWS (amount from Part V, Section C, FIELD 11)		$ _____
2. Amount of Federal Perkins Loan funds advanced to students (amount from Part III, Section B, FIELD 5)	+	$ _____
3. Total funds to FSEOG recipients (amount from Part IV, Section C, FIELD 8)	+	$ _____
4. TOTAL Amount Spent (FIELDs 1 + 2 + 3)		$ _____

STEP 2 Calculate the Administrative Cost Allowance (Complete only ONE subsection):

Institutions whose total amount spent was $2,750,000 OR LESS

5. Enter total amount spent (FIELD 4)		$ _____
6. Multiply	x	0.05
7. TOTAL Administrative Cost Allowance (GO TO STEP 3)		$ _____

Institutions whose total amount spent was MORE THAN $2,750,000 but LESS THAN $5,500,000

8. Enter total amount spent (FIELD 4)		$ N / A
9. Subtract	-	$ 2,750,000
10. Expenditures over $2,750,000 (FIELD 8 - FIELD 9)		$ N / A
11. Multiply	x	0.04
12. Administrative Cost Allowance on expenditures over $2,750,000 (FIELD 10 x FIELD 11)		$ N / A
13. Add Administrative Cost Allowance on expenditures of $2,750,000	+	$ 137,500
14. TOTAL Administrative Cost Allowance (FIELD 12 + FIELD 13) (GO TO STEP 3)		$ N / A

Institutions whose total amount spent was $5,500,000 OR MORE

15. Enter total amount spent (FIELD 4)		$ N / A
16. Subtract	-	$ 5,500,000
17. Expenditures over $5,500,000 (FIELD 15 - FIELD 16)		$ N / A
18. Multiply	x	0.03
19. Administrative Cost Allowance on expenditures over $5,500,000 (FIELD 17 x FIELD 18)		$ N / A
20. Add Administrative Cost Allowance on expenditures of $5,500,000	+	$ 247,500
21. TOTAL Administrative Cost Allowance (FIELD 19 + FIELD 20) (GO TO STEP 3)		$ N / A

STEP 3 Decide how much Administrative Cost Allowance the Institution claimed:

22. How much Administrative Cost did the Institution claim (The amount may be the same or less than the amount calculated in Step 2)	$ _____
23. How much Administrative Cost did the institution claim in each program ?	
a. Federal Perkins loan (must be same as Part III, Sect. B, FIELD 6)	$ _____
b. FSEOG (must be the same as Part IV, Section D, FIELD 11)	$ _____
c. FWS (must be the same as Part V, Section D, FIELD 14)	$ _____

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7 Records Management

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OBJECTIVES

By the end of this session, you will be able to:

- explain what types of Title IV records must be maintained,
- explain the record-retention requirements on the duration, location, format, and availability of these records, and
- describe the relationship between records management and audits and program reviews.

RESOURCES

- *The Blue Book*, Chapter 2—General Institutional Responsibilities
- *The Blue Book*, Chapter 6—Title IV Reporting, NSLDS, Audit, Program Review, and Guaranty Agency Procedures
- *Student Financial Aid Handbook: Institutional Eligibility and Participation*
- Federal Regulations
  34 CFR Parts 668, 674, 675, 676, 682, 685, and 690
- *Program Review Guide*
- *Audit Guide: Student Financial Assistance Programs*

A. RECORD RETENTION

Importance of Record Keeping

Failure to comply with Title IV record-keeping requirements can:

- jeopardize school's eligibility for funds, and
- lead to findings, exceptions, or liabilities in an audit or program review.

1

B. MINIMUM LENGTH OF TIME RECORDS MUST BE MAINTAINED

Minimum Time Records Must be Maintained

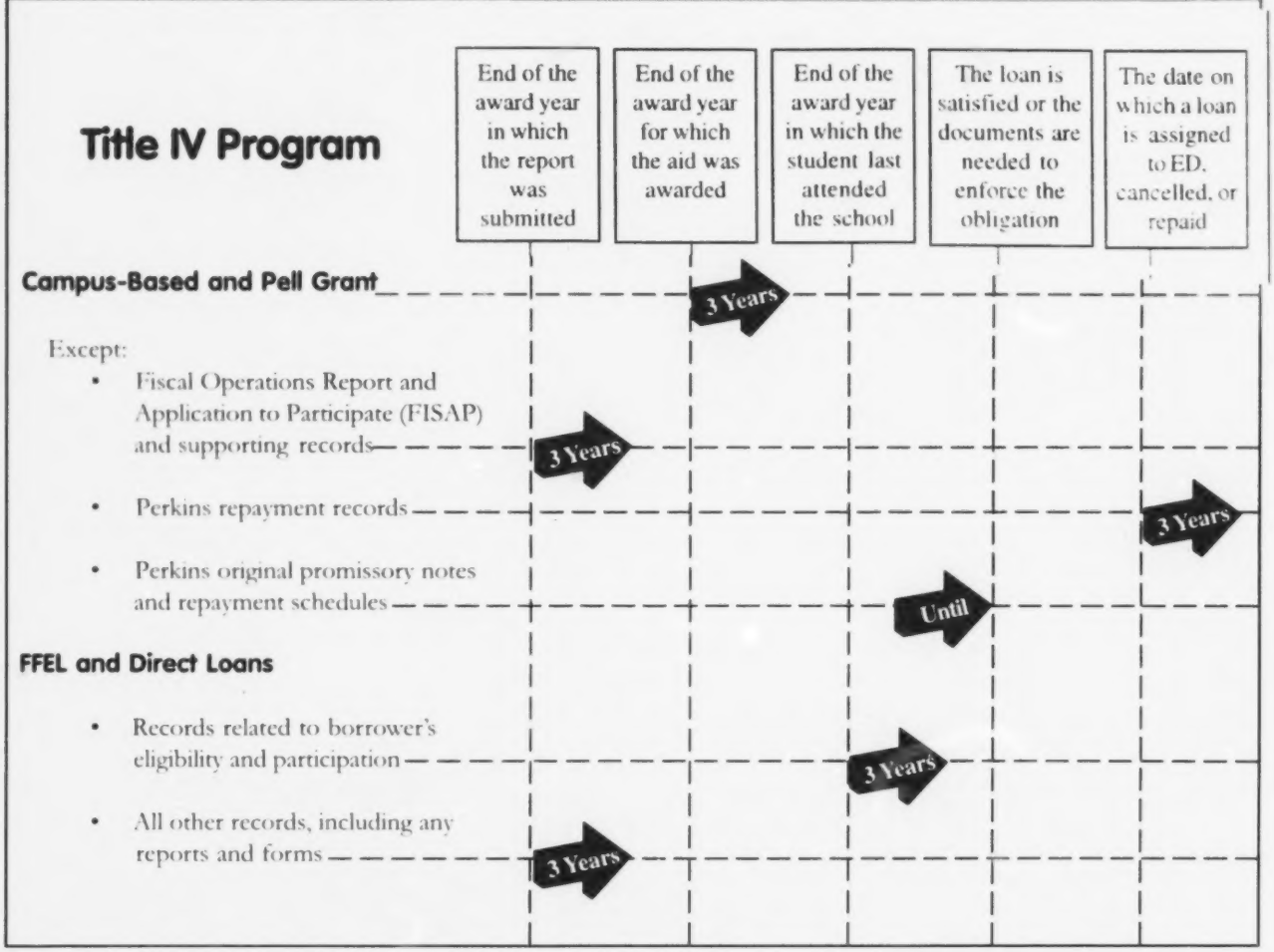
- Keep records for Pell Grants, campus-based aid, FFEL Program loans, and Direct Loans at least 3 years after pertinent award year.
  - Example:
    - *Keep 1999-2000 records through at least June 30, 2003.*

2

- The chart on the next page provides an overview of record-retention periods.

Notes

Minimum Record-Retention Periods


Title IV Program
End of the award year in which the report was submitted
End of the award year for which the aid was awarded
End of the award year in which the student last attended the school
The loan is satisfied or the documents are needed to enforce the obligation
The date on which a loan is assigned to ED, cancelled, or repaid
Campus-Based and Pell Grant
3 Years
Except:
• Fiscal Operations Report and Application to Participate (FISAP) and supporting records
3 Years
• Perkins repayment records
3 Years
• Perkins original promissory notes and repayment schedules
Until
FFEL and Direct Loans
• Records related to borrower's eligibility and participation
3 Years
• All other records, including any reports and forms
3 Years

1. Special Rules for FISAP and Federal Perkins Loan Program

Fiscal Operations Report and Application to Participate (FISAP)

- FISAP must be kept for 3 years after end of award year in which it was submitted.
- Most current FISAP (with October 1999 submission date):
  - will contain data for 1998-99,
  - must be submitted during 1999-2000,
  - will request funds for 2000-01, and
  - must be retained until June 30, 2003.

3

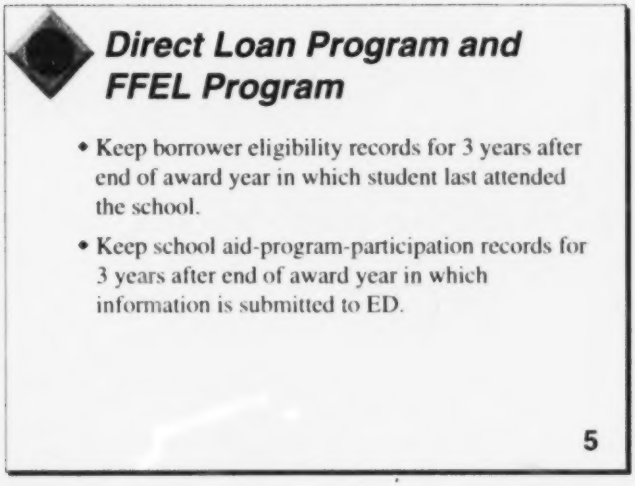
Federal Perkins Loan Program

- Keep original promissory notes and repayment schedules in locked, fireproof container.
- Keep repayment records for 3 years from date on which loan is repaid, canceled, or assigned to ED, or as long as the documents are needed to enforce the loan obligation.

4

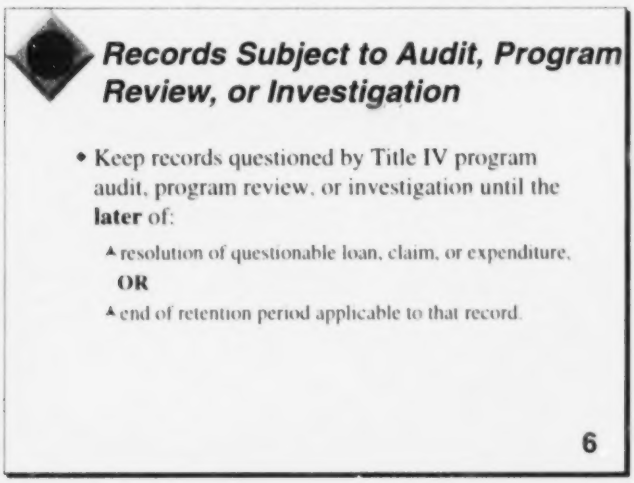
Notes

2. Special Rules for Direct Loan Program and FFEL Program


Direct Loan Program and FFEL Program
• Keep borrower eligibility records for 3 years after end of award year in which student last attended the school.
• Keep school aid-program-participation records for 3 years after end of award year in which information is submitted to ED.
5

3. Records Subject to Audit, Program Review, or Investigation

- In general, schools keep reports to ED for three years after the award year in which the report is submitted.


Records Subject to Audit, Program Review, or Investigation
• Keep records questioned by Title IV program audit, program review, or investigation until the later of:
▲ resolution of questionable loan, claim, or expenditure,
OR
▲ end of retention period applicable to that record.
6

Notes

C. TYPES OF RECORDS TO MAINTAIN

Types of Records to Maintain

Record maintenance and retention requirements cover:

- general student records,
- general institutional records,
- general fiscal records,
- reporting records,
- financial aid application and award records, and
- program-specific records.

7

1. General Student Records

General Student Records

For each student receiving Title IV funds, school must keep records of:

- academic standing, including admission information,
- all financial aid received,
- financial aid the student received previously at other schools, if applicable, and
- all refunds due or paid to student, Title IV programs, or FFEL Program lenders.

8

- Schools must also keep records relating to student consumer-information requirements and to requirements under the Student Right-To-Know Act (SRK) and Campus Security Act.

Notes

2. General Institutional Records

General Institutional Records

School must maintain records relating to its eligibility to participate in Title IV programs:

- Program Participation Agreement (PPA),
- accrediting and licensing agency reviews, approvals, and reports,
- state agency reports,
- audit and program review reports, and
- self-evaluation reports.

9

3. General Fiscal Records

- A school must use generally accepted accounting principles (GAAP), and its fiscal records must show a clear audit trail for expenditures of federal funds.

Fiscal Records

School must maintain on a current basis:

- records of all Title IV transactions,
- bank statements dealing with Title IV funds,
- student accounts, and
- general ledger (control accounts) and related subsidiary ledgers.

10

Notes

4. Reporting Records

Reporting Records

School must maintain reports or copies of:

- FISAP,
- Federal Pell Grant Electronic Statements of Account (ESOAs),
- ED Payment Management System cash requests and quarterly or monthly reports,
- Grant Administration and Payment System (GAPS) cash requests,
- reconciliation reports for all Title IV programs,

11

Reporting Records (cont'd)

- federal, state, and independent audit reports and school responses,
- state grant and scholarship award rosters and reports, and
- accrediting and licensing agency reports.

12

- A school must also maintain the supporting documentation for these reports.
- The chart on the next page provides examples of required Title IV fiscal records.

Notes

Examples of Required Title IV Fiscal Records*

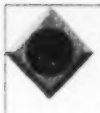
Records relating to a school's administration of Title IV programs for an award year must be kept for 3 years after the end of that award year, unless otherwise indicated.

The following are examples of required records that must be established and maintained on a current basis. This list is not comprehensive—see CFR 668.24(c) for a comprehensive list.

- Records of all Title IV program transactions
- Bank statements for all accounts containing Title IV funds
- Student accounts, which include each student's institutional charges, cash payments, Title IV payments, cash disbursements, and returned funds
  - Required for each enrollment period
  - Must be maintained on a current basis
- General ledger (control accounts) and related subsidiary ledgers that identify each Title IV program transaction
  - Title IV transactions must be separate from school's other financial transactions
  - Must be maintained on a current basis
- Reports and supporting documentation
  - Federal Pell Grant Electronic Statements of Account (ESOAs)
  - GAPS cash requests
  - Title IV program reconciliation reports
  - Audit reports and school responses
  - State grant and scholarship award rosters and reports
  - Accrediting and licensing agency reports
- Other records, as specified in the regulations, that pertain to factors of financial responsibility and standards of administrative capability

* Records involved in any loan, claim, or expenditure questioned by a Title IV program audit, program review, investigation, or other review must be kept until questions are resolved or the end of the appropriate retention period, whichever is longer.

5. Financial Aid Application and Award Records



Financial Aid Application and Award Records

A school is required to keep extensive records involving student applications for financial aid and awards, including:

- student applications and need analysis documents,
- financial aid awards made to and accepted or declined by students,
- Direct Loan Program and FFEL Program records, and
- records of returned funds.

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- The chart on the next page provides examples of required records common to all Title IV programs.

Notes

Examples of Required Records Common to All Title IV Programs*

Records relating to a school's administration of Title IV programs for an award year must be kept for three years after the end of that award year, unless otherwise indicated.

The following are examples of required records that must be established and maintained on a current basis. This list is not comprehensive.

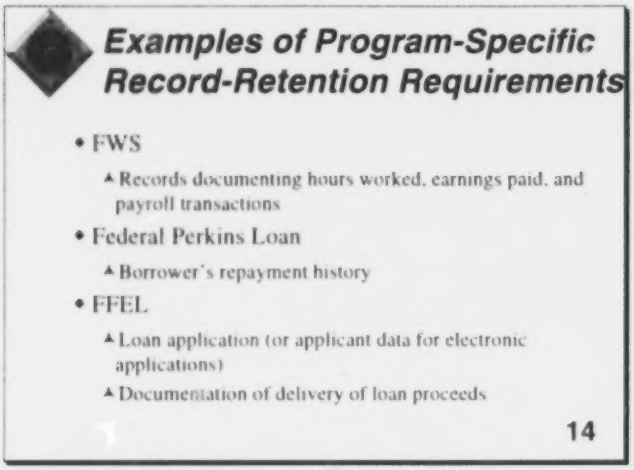
- SAR or ISIR** used to determine eligibility
- Documentation of need and eligibility for Title IV funds
- Cost of attendance information
- Documents used to verify applicant data
- Required student certification statements and supporting documentation
- Documentation of all professional judgment decisions
- Data used to establish student admission, enrollment status, and period of enrollment
- Financial aid history information for transfer students
- Documentation of student's program of study and courses in which enrolled
- Documentation of student's satisfactory academic progress
- Documentation that student is no longer enrolled in elementary school, middle school, or secondary school
- Documentation of amount, date, and basis of all returned funds calculations for a student
- Documentation supporting the school's calculations of rates at which students graduate, complete educational programs, or transfer out

* Records involved in any loan, claim, or expenditure questioned by a Title IV program audit, program review, investigation, or other review must be kept until questions are resolved or the end of the appropriate retention period, whichever is longer.

** ISIR must be maintained in the format in which it was originally received from ED (for example, on magnetic tapes or cartridges or as it was archived electronically in EDExpress).

6. Program-Specific Records

- Some Title IV records are unique to specific programs.


Examples of Program-Specific Record-Retention Requirements
• FWS
▲ Records documenting hours worked, earnings paid, and payroll transactions
• Federal Perkins Loan
▲ Borrower's repayment history
• FFEL
▲ Loan application (or applicant data for electronic applications)
▲ Documentation of delivery of loan proceeds
14

- The chart on the next three pages provides additional examples of required records unique to specific Title IV programs.

Notes

Examples of Required Records Unique to Specific Title IV Programs

Direct Loan Program and FFEL Program (34 CFR 685.309 and 682.610)

School must keep the following records relating to student or parent borrower's loan eligibility and participation in loan programs for 3 years after the end of award year in which student last attended school:

- Amount of loan and loan period
- Amount of tuition and fees paid for the loan period
- Amount and basis of calculation of refund paid to or on behalf of student
- Date and amount of each disbursement of each loan
- Borrower information collected at exit loan interview
- Documentation that student received both entrance loan counseling and exit loan counseling

School must keep all other records and reports related to school's participation in loan programs for 3 years after end of award year in which records are submitted to ED, to a lender, or to a guaranty agency.

FFEL Program (34 CFR 682.610)

School must keep the following records for 3 years after end of award year in which student last attended school:

- Copy of loan application or data electronically transmitted to lender
- Name and address of lender
- Data used to determine student's EFC
- Date student paid the tuition and fees
- Date school endorsed each loan check
- Date or dates loan proceeds delivered to student
- For loans delivered by EFT or master check and with no authorization on the loan application, copy of borrower's written authorization to deliver the initial and subsequent disbursements of each FFEL Program loan

Examples of Required Records Unique to Specific Title IV Programs (Cont'd)

Federal Pell Grant Program (34 CFR 690.82)

School must keep the following records for 3 years after the end of award year in which aid was awarded and disbursed:

- A valid Institutional Student Information Record (ISIR) or Student Aid Report (SAR) of each student applying for a Federal Pell Grant
- Records of the eligibility of each enrolled student for whom the school has an ISIR or SAR
- The name and Social Security number of and the amount paid to each student
- The amount and date of each payment
- The amount and date of any overpayment that is restored to the program account
- Records of each student's enrollment period
- How each student's full-time or part-time enrollment status was determined

FSEOG Program (34 CFR 676.19)

School must keep the following records for 3 years after end of award year in which aid was awarded and disbursed:

- The eligibility of each student assisted under the program and how each student's need was met
- A noncash-contribution record to document payment of the institution's share of grants to students

Examples of Required Records Unique to Specific Title IV Programs (Cont'd)

Federal Perkins Program (34 CFR 674.19)

School must keep the following records in a locked, fireproof container until loan is paid in full, discharged or canceled in full, assigned to ED, or is otherwise no longer the responsibility of school to collect:

- Original promissory notes
- Repayment schedules

School must keep the following records during repayment and for 3 years from date on which loan is satisfied or assigned to ED:

- Each borrower's repayment history (showing date and amount of each repayment) and amount of each repayment credited to principal, interest, collection costs, and penalty or late charges
- Documentation of the date, nature, and result of each contact with borrower or endorser in collection of overdue loan, including copies of all correspondence (except bills, routine overdue notices, and routine form letters)
- Records of any cancellations and deferment requests
- Collection agency reports
- Litigation records
- Copies of promissory notes and copies of repayment schedules
- Information collected at initial and exit loan counseling

FWS Program (34 CFR 675.19)

School must keep the following records for 3 years after end of award year in which aid was awarded and disbursed:

- Certification that each student has worked and earned amount paid, signed by student's supervisor, school official, or off-campus employer
- Payroll voucher to support all payroll disbursements
- For hourly students, time sheet showing hours each student worked, in clock-time sequence or total hours worked each day
- Noncash contribution record, if applicable, documenting any payment of institutional share of student's earnings in form of services and equipment

TEST YOURSELF QUIZ: MAINTAINING TITLE IV RECORDS

Case A: Ad Astra College

Ad Astra College's policies and procedures manual specifies record-keeping requirements for its staff to follow. Some sample policies are listed below—identify any of them that **do not** satisfy federal requirements.

1. Documents supporting student eligibility for Title IV funds are kept for 3 years after end of that award year.
2. Self-evaluation reports are kept for 3 years after end of that award year.
3. Collection agency reports on Perkins Loans are kept for 3 years from date on which loan is satisfied or assigned to ED.
4. Loan records questioned in an audit are kept for 3 years after end of that award year.
5. Records documenting student's satisfactory academic progress are kept for 3 years after end of that award year.
6. Records of Perkins Loan cancellation and deferment requests are kept for 3 years from date on which loan is satisfied or assigned to ED.
7. Records on amount of Direct Loan Program/FFEL Program loan and loan period are kept for 3 years after end of award year in which loan was made.
8. Records that support data appearing on Federal Pell Grant Electronic Statements of Account are kept for 3 years after end of that award year.

Case B: Bona Fide Institute

Bona Fide Institute's policies and procedures manual specifies record-keeping requirements for its staff to follow. Some sample policies are listed below—identify any of them that **do not** satisfy federal requirements.

1. FWS payroll vouchers to support all payroll disbursements are kept for 3 years after end of award year in which aid was awarded and disbursed.
2. Records on amount and basis of calculation of Direct Loan/FFEL refund paid to or on behalf of the student are kept for 3 years after end of award year in which refund was made.
3. Records of cost of attendance information are kept for 3 years after end of that award year.
4. Records of dates school endorsed FFEL Program loan checks are kept for 3 years after end of award year in which the student last attended school.
5. Records that support data provided on GAPS cash requests are kept for 3 years after end of that award year.
6. Original Perkins Loan promissory notes and repayment schedules are kept in locked, fireproof container until loan is satisfied or assigned to ED.
7. Financial aid history information for transfer students is kept for 3 years after end of that award year.
8. Program review reports are kept for 2 years after end of that award year.

TEST YOURSELF QUIZ: MAINTAINING TITLE IV RECORDS (CONT'D)

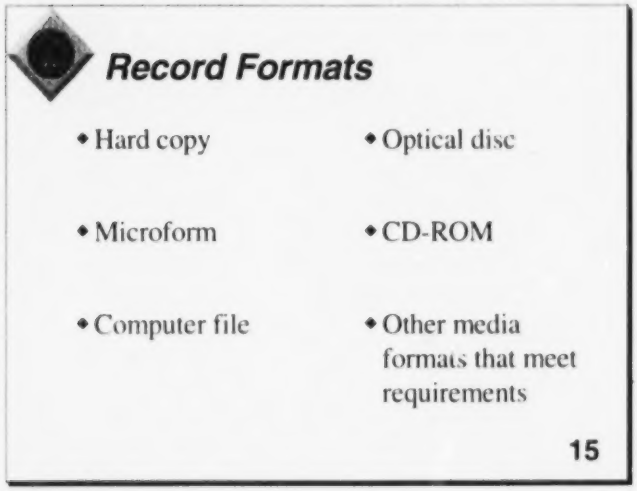
Case C: Colossus University

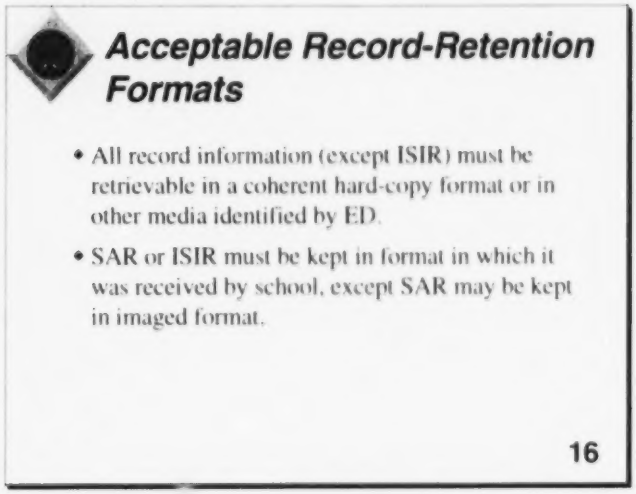
Colossus University's policies and procedures manual specifies record-keeping requirements for its staff to follow. Some sample policies are listed below—identify any of them that **do not** satisfy federal requirements.

1. Records on student's job placement, if known, are kept for 3 years after end of award year in which student last attended school.
2. Documentation of all professional judgment decisions is kept for 3 years after end of that award year.
3. Records of name and address of FFEL lender are kept for 3 years after end of award year in which loan was made.
4. Accrediting and licensing agency reviews, approvals, and reports are kept for 3 years after end of that award year.
5. Bank statements for all accounts containing Title IV funds are kept for 3 years after end of that award year.
6. Records of a Perkins Loan borrower's repayment history are kept until loan is satisfied or assigned to ED.
7. State agency reports are kept for 3 years after end of that award year.
8. Direct Loan/FFEL borrower information collected at exit interview is kept for 3 years after end of award year in which the student last attended the school.

D. FORMATS FOR RECORD RETENTION

- School must maintain required records in a systematically organized manner.




Acceptable Record-Retention Formats
• All record information (except ISIR) must be retrievable in a coherent hard-copy format or in other media identified by ED.
• SAR or ISIR must be kept in format in which it was received by school, except SAR may be kept in imaged format.
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Notes

Acceptable Record-Retention Formats (cont'd)

- Imaged media formats must be capable of producing accurate, legible, and complete copy of original in approximately same size as original.
- Maintain documents containing signature, seal, certification, or other image or mark in original hard copy or imaged media format.
- Maintain original Perkins Loan promissory notes and repayment schedules in locked, fireproof container.

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- During the award year, ISIRs can be maintained electronically in EDExpress or kept on magnetic tapes or cartridges.
- After the award year has ended, EDExpress can be used to archive the data to a disk or other computer format.
- A school receiving ISIRs on magnetic tape or cartridges may make a copy of the file received from ED.

E. ACCESS REQUIREMENTS

The listing on the next page provides a look at records-access requirements.

Notes

RECORDS-ACCESS REQUIREMENTS

- A school must make its records available to ED for review at a school location designated by ED.

- A school that participates in Title IV programs — and a third-party servicer with which it contracts — is required to cooperate in any audit, investigation, program review, or other review authorized by law.

- A school or its third-party servicer must provide access to the following individuals, agencies, or their authorized representatives:
  - ▶ independent auditors,
  - ▶ the U.S. Secretary of Education,
  - ▶ the U.S. Department of Education's Inspector General,
  - ▶ the Comptroller General of the United States,
  - ▶ any guaranty agency in whose program the school participates, and
  - ▶ the school's accrediting agency.

- A school or its third-party servicer cooperates in the review process by providing:
  - ▶ timely access for examining and copying requested Title IV records and transactions with financial institutions;
  - ▶ reasonable access to personnel administering Title IV programs; and
  - ▶ for any Title IV recipient, any information the school has about the last known address, full name, telephone number, enrollment status, employer, and employer's address.

- A school or third-party servicer is not in compliance if it:
  - ▶ refuses to allow its personnel to supply requested information;
  - ▶ permits interviews with its personnel only if school or third-party servicer management is present; or
  - ▶ permits interviews only if the interviews are tape-recorded by the school or third-party servicer.

- If a school closes, stops providing educational programs, is terminated or suspended from participating in a Title IV program, or undergoes a change of ownership that results in a change of control, it must provide for all of its records to be retained. It must meet the same accessibility requirements as those mandated for schools participating in Title IV programs.

F. AUDITS AND PROGRAM REVIEWS

Audits and Program Reviews

- Methods used by ED to ensure schools follow correct procedures to award, disburse, and account for federal funds.
- Records are essential.

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- *The Blue Book* describes audits and program reviews in detail in Section 6.7.

Program Reviews

Tend to focus on regulatory requirements specific to Title IV programs:

- student eligibility records and admission records,
- fund requests and transfers,
- Federal Perkins Loan due diligence and collection records,
- Federal Work-Study (FWS) time sheets and pay rates, and
- Federal Pell Grant and campus-based program reporting documents.

19

- Higher Education Amendments of 1998 require ED to make copies of all program review guidelines and procedures available to schools.
- ED's *1994 Program Review Guide*, which is the most recent one published, is available on Information for Financial Aid Professionals (IFAP) Web site at **http://www.ifap.ed.gov**.

Notes

Common Reasons for Monetary Liabilities Resulting From an Audit or Program Review

- Late refunds or refunds not made at all
- Excess cash on hand from Title IV programs
- Inconsistent information in student files
- Inadequately maintained accounting records
- Ineligible programs or locations
- An undocumented FISAP income grid
- Failure to exercise due diligence in collecting Federal Perkins Loans
- Records not being maintained as required
- Audit reports not being submitted

- A longer list appears on page 6-67 of *The Blue Book*.
- For discussion:
  - What was the most difficult aspect of going through an audit/program review?
  - What would you do to make it easier next time?
  - What advice would you give your colleagues at other schools?

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1999-2000 Fiscal Officer Training
Participant's Guide